

*Munisipaliteit • U-Masipalo • Municipality*



Overstrand Municipality  
Annual Financial Statements  
for the year ended June 30, 2011

**OVERSTRAND MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2011**

**APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 69, in terms of Section 126(a) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the notes of these annual financial statement are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



W Zypriands  
Municipal Manager

30 November 2011

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

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# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	3,792,644	4,357,709
Operating lease asset		777,879	793,187
Trade and other receivables from exchange transactions	9	6,252,507	5,536,543
Other receivables from non-exchange transactions	10	22,044,680	27,707,425
VAT receivable	11	17,676,711	15,633,554
Consumer debtors	12	44,122,935	34,578,739
Long term receivables	7	24,261	31,363
Cash and cash equivalents	13	70,003,701	29,623,308
		<b>164,695,318</b>	<b>118,261,828</b>
<b>Non-Current Assets</b>			
Investment property	2	87,289,228	66,837,900
Property, plant and equipment	3	3,013,259,239	3,003,263,199
Intangible assets	4	2,837,625	2,864,384
Other financial assets	5	1,261,697	2,631,821
Long term receivables	7	147,060	169,021
		<b>3,104,794,849</b>	<b>3,075,766,325</b>
Non-current assets held for sale	14	27,902,162	17,498,638
<b>Total Assets</b>		<b>3,297,392,329</b>	<b>3,211,526,791</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	15	14,217,516	9,265,081
Trade and other payables from exchange transactions	18	73,616,065	73,849,937
Consumer deposits	19	18,362,889	13,893,478
Retirement benefit obligation	6	1,777,000	1,759,872
Unspent conditional grants and receipts	16	9,954,951	1,922,016
Provisions	17	8,120,646	4,491,632
		<b>126,049,067</b>	<b>105,182,016</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	15	247,081,490	171,476,089
Retirement benefit obligation	6	61,660,000	54,827,128
Provisions	17	48,468,665	25,901,296
		<b>357,210,155</b>	<b>252,204,513</b>
<b>Total Liabilities</b>		<b>483,259,222</b>	<b>357,386,529</b>
<b>Net Assets</b>		<b>2,814,133,107</b>	<b>2,854,140,262</b>
<b>Net Assets</b>			
<b>Reserves</b>			
Revaluation reserve		315,176,077	315,176,077
Housing development fund		1,912,522	1,918,403
Accumulated surplus		2,497,044,508	2,537,045,782
<b>Total Net Assets</b>		<b>2,814,133,107</b>	<b>2,854,140,262</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
<b>Revenue</b>			
Property rates	20	129,025,049	114,847,450
Service charges	21	354,358,469	291,407,232
Property rates - penalties imposed and collection charges		889,114	829,149
Rental of facilities and equipment		6,445,458	5,943,436
Public contributions and donations		21,371,318	6,667,834
Fines		5,468,996	2,539,761
Licences and permits		1,710,778	1,425,489
Government grants and subsidies	22	83,616,436	54,180,532
Agency services		1,790,255	1,820,101
Other income	23	17,084,955	25,912,783
Interest received - investment		3,705,016	3,806,296
Interest received - other		2,463,258	1,150,589
<b>Total Revenue</b>		<b>627,929,102</b>	<b>510,530,652</b>
<b>Expenditure</b>			
Employee costs	26	(185,865,875)	(159,719,338)
Remuneration of councillors	27	(4,839,707)	(4,529,711)
Depreciation and amortisation	29	(103,696,769)	(101,658,521)
Impairment loss/ Reversal of impairments	30	(3,430,555)	(117,000)
Finance costs	31	(19,372,685)	(19,282,597)
Debt impairment	28	(4,805,545)	(9,507,272)
Repairs and maintenance		(58,547,519)	(45,961,135)
Bulk purchases	35	(101,683,452)	(78,005,898)
Contracted services	33	(20,411,582)	(14,463,580)
Grants and subsidies paid	34	(23,619,539)	(11,987,231)
General Expenses	24	(176,806,565)	(110,099,531)
<b>Total Expenditure</b>		<b>(703,079,793)</b>	<b>(555,331,814)</b>
Gain on disposal of assets and liabilities		13,170,653	7,025,650
Fair value adjustments		22,425,882	19,857,210
<b>Deficit for the year</b>		<b>(39,554,156)</b>	<b>(17,918,302)</b>

## Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

### Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Housing development fund	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	315,176,077	3,328,676	318,504,753	2,453,875,721	2,772,380,474
Adjustments					
Prior year adjustments	-	-	-	98,939,050	98,939,050
<b>Balance at July 01, 2009 as restated</b>	<b>315,176,077</b>	<b>3,328,676</b>	<b>318,504,753</b>	<b>2,552,814,771</b>	<b>2,871,319,524</b>
Changes in net assets					
Surplus for the year	-	-	-	(17,918,302)	(17,918,302)
Transfer to Housing Development Fund	-	(1,410,273)	(1,410,273)	1,419,540	9,267
Movement in Self Insurance Fund	-	-	-	729,653	729,653
Total changes	-	(1,410,273)	(1,410,273)	(15,769,109)	(17,179,382)
Opening balance as previously reported	315,176,077	1,918,403	317,094,480	2,446,143,969	2,763,238,449
Adjustments					
Prior year adjustments	-	-	-	90,901,840	90,901,840
<b>Balance at July 01, 2010 as restated</b>	<b>315,176,077</b>	<b>1,918,403</b>	<b>317,094,480</b>	<b>2,537,045,809</b>	<b>2,854,140,289</b>
Changes in net assets					
Surplus for the year	-	-	-	(39,554,156)	(39,554,156)
Transfer to Housing Development Fund	-	(5,881)	(5,881)	-	(5,881)
Movement in Self Insurance Fund	-	-	-	(447,145)	(447,145)
Total changes	-	(5,881)	(5,881)	(40,001,301)	(40,007,182)
<b>Balance at June 30, 2011</b>	<b>315,176,077</b>	<b>1,912,522</b>	<b>317,088,599</b>	<b>2,497,044,508</b>	<b>2,814,133,107</b>

Note(s)

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Cash flow statement

Figures in Rand	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		129,025,049	114,847,450
Sale of goods and services		349,283,684	295,843,121
Grants		91,649,371	53,208,178
Interest income		6,168,274	4,956,885
Other receipts		57,679,805	62,400,684
Movement in housing development and self insurance funds		(453,026)	738,920
		<u>633,353,157</u>	<u>531,995,238</u>
<b>Payments</b>			
Employee costs		(179,015,875)	(156,650,977)
Suppliers		(101,683,452)	(78,005,898)
Finance costs		(19,372,685)	(19,282,597)
Other payments		(262,502,856)	(214,962,473)
		<u>(562,574,868)</u>	<u>(468,901,945)</u>
<b>Net cash flows from operating activities</b>	36	<b>70,778,289</b>	<b>63,093,293</b>
<b>Cash flows from investing activities</b>			
Purchase and construction of property, plant and equipment	3	(150,188,527)	(115,370,814)
Proceeds from sale of property, plant and equipment	3	21,429,215	7,534,420
Proceeds from sale of investment property	2	2,009,272	-
Purchase of other intangible assets	4	(118,275)	(227,784)
Proceeds from sale of other intangible assets	4	8,089	-
Movement in financial assets		(1,261,697)	6,243,700
Movement in long term receivables		29,063	216,150
Movement in non-current assets held for sale		17,137,128	1,758,583
<b>Net cash flows from investing activities</b>		<b>(110,955,732)</b>	<b>(99,845,745)</b>
<b>Cash flows from financing activities</b>			
Movement in other financial liabilities		80,557,836	54,515,862
<b>Net cash flows from financing activities</b>		<b>80,557,836</b>	<b>54,515,862</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>40,380,393</b>	<b>17,763,410</b>
Cash and cash equivalents at the beginning of the year		29,623,308	11,859,898
<b>Cash and cash equivalents at the end of the year</b>	13	<b>70,003,701</b>	<b>29,623,308</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

The financial statements have been prepared on the assumption that the municipality is a going concern and will continue in operation for the foreseeable future.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Impairment testing**

Accounting Policy 1.5, 1.9 and 1.10 on Impairment of financial assets, cash generating assets and non-cash generating assets describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Note 30 to the Annual Financial Statements.

##### **Useful lives of property, plant and equipment**

As described in Accounting Policy 1.3, the municipality depreciates its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

##### **Defined benefit plan liabilities**

As described in Accounting Policy 1.11, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 6 and 17 to the Annual Financial Statements.

##### **Revenue recognition**

Accounting Policy 1.13 on Revenue from Exchange Transactions and Accounting Policy 1.14 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

##### **Financial assets and financial liabilities**

The classification of financial assets and financial liabilities is based on judgement by management.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 17 and 38 respectively. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- land held for a currently undetermined future use.
- a building owned and leased out under one or more operating leases.
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, where applicable. Infrastructure assets are stated at the depreciated replacement cost.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Land and buildings are carried at revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Useful life in years
Infrastructure	
• Roads and paving	3 - 60
• Pedestrian malls	25 - 80
• Electricity	3 - 60
• Water	5 - 100
• Sewerage	10 - 60
• Housing	30
Community	
• Improvements	5 - 30
• Recreational facilities	5 - 30
• Security	5 - 15
Other property, plant and equipment	
• Buildings	5 - 30
• Specialist vehicles	4 - 10
• Other vehicles	4 - 10
• Office equipment	3 - 15
• Furniture and fittings	3 - 15
• Watercraft	4 - 10
• Bins and containers	10 - 15
• Specialised plant and equipment	3 - 15
• Other plant and equipment	3 - 15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Land is not depreciated as it is deemed to have an indefinite useful life.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Heritage assets are assets that are defined as culturally significant resources which are not depreciated owing to the uncertainty regarding their estimated useful lives.

### 1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses, where applicable.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2 - 5

### 1.5 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through surplus or deficit - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.5 Financial Instruments (continued)

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Financial instruments designated as at fair value through surplus or deficit

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

They are subsequently measured at fair value at the statement of financial position date with the profit or loss being recognised in the Statement of Financial Performance.

#### Financial instruments designated as available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and comprises of cash and equity instruments held in shares. They are included under current assets in the statement of financial position and are initially and subsequently measured at fair value at the statement of financial position date, except for investments in equity instruments that do not have quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

#### Financial liabilities

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

- Fair value through profit or loss; or
- Other financial liabilities at amortised cost

All financial liabilities including trade and other payables, are measured at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, except when Council approves the write-off of financial assets due to non recoverability.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made so that the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.6 Leases (continued)

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water and purified effluent are valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.8 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (and disposal groups) are measured at the lower of its carrying amount or fair value less costs to sell.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

### 1.9 Impairment of cash-generating assets

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

### 1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.10 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.

### 1.11 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The liability for leave pay is based on the total accrued leave days at year end and is shown as a payable in the Statement of Financial Position.

The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

#### Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on a bi-annual basis by independent actuaries separately for each plan.

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 6 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued bi-annually on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.11 Employee benefits (continued)

#### Other post retirement obligations

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate.

Past-service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

### 1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption from the first reading after the reporting date.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has a water connection. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are charged on both vacant and developed property using the tariffs approved from Council and are levied monthly.

#### Interest, royalties and other

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.13 Revenue from exchange transactions (continued)

Revenue arising from the application of the approved tariff of charges is recognised when the service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of electricity prepaid units is recognised when the risks and rewards of ownership has passed to the buyer.

Revenue received from pre-paid electricity sales are deferred and recognised as revenue on the consumption basis, commencing on the date of purchase. The consumption of pre-paid electricity is measured by using a trend analysis and other historical data about electricity usage, including how often an electricity card is purchased or additional units of electricity loaded onto a pre-paid card.

### 1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.14 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remits grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

#### Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### 1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.16 Comparative figures

Budgeted amounts have, in accordance with GRAP 1, been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the amendment. The nature and reason for the restatement is disclosed.

### 1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.20 Presentation of currency

These annual financial statements are presented in South African Rand.

### 1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### 1.22 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 1.23 Internal reserves

#### Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. The balance of the self-insurance fund is invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

#### 1.24 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

### 1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

### 1.26 Value added tax

The Municipality accounts for Value Added Tax on the cash basis.

### 1.27 Changes in accounting policies, estimates and errors

Changes in accounting policies that are effected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Accounting Policies

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### 1.28 Events after the reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

### 1.29 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued February 2011
GRAP 20	Related parties - issued June 2011
GRAP 25	Employee Benefits - issued November 2009
GRAP 104	Financial Instruments - issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The ASB Directive 5 paragraph 29 allows for the Municipality to apply the principles established in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .12 of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

Impairment of Non-cash-generating Assets (GRAP 21 - issued March 2009 and effective April 2012)  
Revenue from Non-Exchange Transactions (GRAP 23 - issued February 2008 and effective April 2012)  
Employee Benefits (GRAP 25 - issued December 2009)  
Impairment of Cash-generating Assets (GRAP 26 - issued March 2009 and effective April 2012)

Management has considered all the above standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 2. Investment property

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	87,289,228	-	87,289,228	66,837,900	-	66,837,900

#### Reconciliation of investment property - 2011

	Opening balance	Additions at fair value	Disposals	Transfers	Fair value adjustments	Total
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	18,615,382	87,289,228

#### Reconciliation of investment property - 2010

	Opening balance	Fair value adjustments	Total
Investment property	47,341,200	19,496,700	66,837,900

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Revenue earned on Investment Properties for the 2010/11 financial year was R805,959 (2009/10: R553,852).

All transfers to Investment Property were from owner-occupied property.

Investment properties are adjusted to their fair value annually. The valuations are performed by Boland Valuers, independent valuers who are not connected to the municipality.

### 3. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	360,474,093	-	360,474,093	386,922,177	-	386,922,177
Buildings	121,424,997	(10,559,965)	110,865,032	121,649,425	(5,304,592)	116,344,833
Infrastructure	4,830,044,228	(2,490,827,023)	2,339,217,205	4,721,105,995	(2,401,240,427)	2,319,865,568
Community	119,503,317	(30,856,848)	88,646,469	94,385,164	(26,149,827)	68,235,337
Heritage	76,995,309	-	76,995,309	77,028,309	-	77,028,309
Other assets	61,382,582	(24,321,451)	37,061,131	55,708,498	(20,841,523)	34,866,975
<b>Total</b>	<b>5,569,824,526</b>	<b>(2,556,565,287)</b>	<b>3,013,259,239</b>	<b>5,456,799,568</b>	<b>(2,453,536,369)</b>	<b>3,003,263,199</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Under construction	Depreciation	Total
Land	386,922,177	9,173,400	(7,700,500)	(27,920,984)	-	(5,482,172)	360,474,093
Buildings	116,344,833	909,571	(454,080)	(453,120)	-	(89,586,596)	110,865,032
Infrastructure	2,319,865,568	68,628,692	-	(10,128,484)	50,438,025	2,339,217,205	
Community	68,235,337	14,989,669	-	10,128,484	-	(4,707,021)	88,646,469
Heritage	77,028,309	-	(33,000)	-	-	-	76,995,309
Other assets	34,866,975	6,049,170	(70,982)	-	-	(3,784,032)	37,061,131
	<b>3,003,263,199</b>	<b>99,750,502</b>	<b>(8,258,562)</b>	<b>(28,374,104)</b>	<b>50,438,025</b>	<b>(103,559,821)</b>	<b>3,013,259,239</b>

#### Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Transfers	Under construction	Depreciation	Total
Land	379,548,400	7,437,905	(27,000)	(37,128)	-	(5,314,592)	386,922,177
Buildings	116,265,300	5,534,125	-	(140,000)	-	(84,130,343)	116,344,833
Infrastructure	2,303,906,944	69,188,094	(348,835)	-	31,249,708	2,319,865,568	
Community	72,636,616	127,234	-	-	-	(4,528,513)	68,235,337
Heritage	77,028,309	-	-	-	-	-	77,028,309
Other assets	40,755,810	1,833,748	(132,935)	-	-	(7,589,648)	34,866,975
	<b>2,990,141,379</b>	<b>84,121,106</b>	<b>(508,770)</b>	<b>(177,128)</b>	<b>31,249,708</b>	<b>(101,563,096)</b>	<b>3,003,263,199</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Land and buildings are re-valued every 4 years. The last revaluation was done on 30 June 2009 and was performed by Boland Valuers, independent valuers who are not connected to the municipality.

These assumptions were based on current market conditions.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 4. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Water rights	2,360,000	-	2,360,000	2,360,000	-	2,360,000
Computer software, other	803,000	(325,375)	477,625	695,592	(191,208)	504,384
<b>Total</b>	<b>3,163,000</b>	<b>(325,375)</b>	<b>2,837,625</b>	<b>3,055,592</b>	<b>(191,208)</b>	<b>2,864,384</b>

### Reconciliation of intangible assets - 2011

	Opening balance	Additions	Disposals/ write-offs	Amortisation	Total
Water rights	2,360,000	-	-	-	2,360,000
Computer software, other	504,384	118,275	(8,089)	(136,945)	477,625
	<b>2,864,384</b>	<b>118,275</b>	<b>(8,089)</b>	<b>(136,945)</b>	<b>2,837,625</b>

### Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Water rights	2,360,000	-	-	2,360,000
Computer software, other	372,024	227,784	(95,424)	504,384
	<b>2,732,024</b>	<b>227,784</b>	<b>(95,424)</b>	<b>2,864,384</b>

### 5. Other financial assets

#### Held to maturity

New Republic Bank - 2,631,821

The bank is under receivership since October 1999. Interest only accrued until 31 December 2007. There is no guarantee that the municipality will receive the full value of the investment. During the 2009 financial year, a dividend of R0.45 on the original capital still outstanding has been received. This brings the total payout to 89% of the original investment.

Due to the fact that the majority of the debt still to be collected, by the receivers, involve some form of legal action, it is not possible to determine a date as to when the liquidation process will be completed. Management impaired this investment to Rnil and it is disclosed as a contingent asset as at 30 June 2011.

Liberty 1,261,697 -  
Sinking fund for external loan

**1,261,697 2,631,821**

#### Non-current assets

Held to maturity 1,261,697 2,631,821

In determining the recoverability of other financial assets, the Overstrand Municipality considers any change in the credit quality of the other financial assets from the date the credit was initially granted up to the reporting date.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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### 6. Retirement benefits

#### Defined benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

***The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:***

- Bonitas;
- LA Health;
- Prosano;
- Samwumed; and
- Keyhealth.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Mr DR Poane, Fellow of the Actuarial Society of South Africa, including projections for the 2011 and 2012 financial periods. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**The members of the Post-employment Health Care Benefit Plan are made up as follows:**

In-service Members (employees)	378	378
Continuation Members (retirees, widowers and orphans)	66	66
<b>Total Members</b>	<b>444</b>	<b>444</b>

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(63,437,000)	(56,587,000)
Non-current liabilities	(61,660,000)	(54,827,128)
Current liabilities	(1,777,000)	(1,759,872)

#### Movements for the year

Opening balance	56,587,000	53,518,639
Net expense recognised in the statement of financial performance	6,850,000	3,068,361
	<b>63,437,000</b>	<b>56,587,000</b>

#### Net expense recognised in the statement of financial performance

Current service cost	3,872,000	3,872,000
Interest cost	4,668,000	4,428,000
Actuarial (gains) losses	-	(3,628,639)
Benefits paid	(1,690,000)	(1,603,000)
	<b>6,850,000</b>	<b>3,068,361</b>

#### Contributions expected to be paid

Contributions paid	1,697,710	1,519,169
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# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011 2010

### 6. Retirement benefits (continued)

#### Key assumptions used

Assumptions used on last valuation on Wednesday, June 30, 2010.

Discount rates used	8.25 %	8.25 %
Health care cost inflation rate	6.75 %	6.75 %
Net effective discounted rate	1.41 %	1.41 %

Management assessed the assumptions used and found it to be adequate.

#### The effect of an increase of 1% in the assumed medical cost trend rates

Aggregate current service and interest costs	7,493,850	7,283,250
Accumulated post-employment benefit obligation	55,665,968	49,658,000

#### The effect of a decrease of 1% in the assumed medical cost trend rates

Aggregate current service and interest costs	9,842,350	9,565,750
Accumulated post-employment benefit obligation	73,111,143	65,214,000

#### Amounts for the current and previous 4 years of the present value of the defined benefit obligation

2011	63,437,000	
2010	56,587,000	
2009	53,518,638	
2008	47,582,639	
2007	42,244,466	

#### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

### 7. Long term receivables

#### Non - current portion

Land sales	4,352	7,352
Housing selling scheme loans	18,634	19,459
Sport clubs	124,074	142,210
	<b>147,060</b>	<b>169,021</b>

#### Current portion

Officials: Study loans	5,300	5,300
Housing selling scheme loans	825	713
Sport clubs	18,136	25,350
	<b>24,261</b>	<b>31,363</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>7. Long term receivables (continued)</b>		
<b>Totals</b>		
Long term receivables - Non - current portion	147,060	169,021
Long term receivables - Current portion	24,261	31,363
	<b>171,321</b>	<b>200,384</b>
In determining the recoverability of long term receivables, the Overstrand Municipality considers any change in the credit quality of the long term receivables from the date the credit was initially granted up to the reporting date.		
<b>8. Inventories</b>		
Stores and materials	4,359,501	4,327,596
Water	118,540	75,006
	<b>4,478,041</b>	<b>4,402,602</b>
Inventories (write-downs)	(685,397)	(44,893)
	<b>3,792,644</b>	<b>4,357,709</b>
<b>Amounts recognised as expenditure during the year:</b>		
Stores and material	5,672,482	4,881,875
Water	1,821,529	1,623,923
	<b>7,494,011</b>	<b>6,505,798</b>
<b>9. Trade and other receivables from exchange transactions</b>		
Trade debtors	6,160,507	5,488,865
Accrued interest	92,000	47,678
	<b>6,252,507</b>	<b>5,536,543</b>
In determining the recoverability of trade and other receivables, the Overstrand Municipality considers any change in the credit quality of the trade and other receivables from the date the credit was initially granted up to the reporting date.		
<b>10. Other receivables from non-exchange transactions</b>		
Control accounts - sundry	5,897,736	13,520,000
Government grants and subsidies	15,213,968	13,799,456
Deposits	184,570	160,497
Public contributions and subsidies	748,406	227,472
	<b>22,044,680</b>	<b>27,707,425</b>
The government grants and subsidies include equitable share from National Treasury still outstanding to the amount of R1 146 847.		
<b>11. VAT receivable</b>		
VAT	<b>17,676,711</b>	<b>15,633,554</b>
In determining the recoverability of VAT receivable, the Overstrand Municipality considers any change in the credit quality of the VAT receivable from the date the credit was initially granted up to the reporting date.		

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>12. Consumer debtors</b>		
<b>Gross balances</b>		
Government	2,361,556	1,680,187
Business	10,008,146	7,575,369
Individual	51,985,115	48,872,313
	<b>64,354,817</b>	<b>58,127,869</b>
<b>Less: Provision for debt impairment</b>		
Government	-	-
Business	(1,586,193)	(1,285,828)
Individual	(18,645,689)	(22,263,302)
	<b>(20,231,882)</b>	<b>(23,549,130)</b>
<b>Net balance</b>		
Government	2,361,556	1,680,187
Business	8,421,953	6,289,541
Individual	33,339,426	26,609,011
	<b>44,122,935</b>	<b>34,578,739</b>
<b>Government</b>		
Current (0 -30 days)	403,373	137,126
31 - 60 days	72,002	67,811
61 - 90 days	136,487	58,621
91 - 120 days	59,953	25,992
> 120 days	1,689,741	1,390,637
	<b>2,361,556</b>	<b>1,680,187</b>
<b>Business</b>		
Current (0 -30 days)	7,456,666	6,078,964
31 - 60 days	472,922	52,183
61 - 90 days	150,494	41,174
91 - 120 days	103,268	14,851
> 120 days	238,603	102,369
	<b>8,421,953</b>	<b>6,289,541</b>
<b>Individual</b>		
Current (0 -30 days)	17,976,893	14,049,962
31 - 60 days	2,679,671	2,611,213
61 - 90 days	1,385,027	590,720
91 - 120 days	1,102,432	458,562
> 120 days	10,195,403	8,898,554
	<b>33,339,426</b>	<b>26,609,011</b>
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(23,549,130)	(15,934,444)
Contributions to provision	(4,805,545)	(9,507,273)
Debt impairment written off against provision	8,122,793	1,892,587
	<b>(20,231,882)</b>	<b>(23,549,130)</b>

In determining the recoverability of consumer debtors, the Overstrand Municipality considers any change in the credit quality of the consumer debtors from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010				
<b>12. Consumer debtors (continued)</b>						
<b>Gross consumer debtors per service</b>						
Property rates	16,904,498	14,836,388				
Water	11,490,317	12,608,636				
Electricity	17,291,225	13,673,690				
Sewerage	7,788,530	6,774,919				
Refuse	5,441,433	6,924,971				
Housing rentals	344,143	363,799				
Other receivables	5,094,671	2,945,466				
	<b>64,354,817</b>	<b>58,127,869</b>				
<b>13. Cash and cash equivalents</b>						
Cash and cash equivalents consist of:						
Cash on hand	12,800	15,000				
Bank balances	19,990,901	19,608,308				
ABSA bank call account	20,000,000	10,000,000				
Investec bank call account	30,000,000	-				
	<b>70,003,701</b>	<b>29,623,308</b>				
The municipality had the following bank accounts						
Account number / description	Bank statement balances	Cash book balances				
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2011	June 30, 2010	June 30, 2009
ABSA BANK	41,821,282	27,921,943	10,435,754	19,493,713	19,025,442	11,714,681
Account Type - 322 000 035 (Hermanus Primary)						
ABSA BANK	-	-	39,155	-	-	(239,397)
Account Type - 322 017 0240 (Gansbaai)						
ABSA BANK	-	-	4,851	-	-	13,185
Account Type - 405 835 6861 (Hangklip/Kleinmond)						
ABSA BANK	147	5,382	5,250	5,301	3,897	(8,358)
Account Type -405 589 9787 (Onrus Caravan Park)						
ABSA BANK	28,244	60,428	52,521	37,772	18,275	(180,645)
Account Type - 405 642 0921 (Traffic Department)						
ABSA BANK	418,444	788,925	524,177	325,261	297,744	262,239
Account Type - 406 657 8021 (Debtors Accounts)						
ABSA BANK	128,855	262,950	282,774	128,854	262,950	282,774
Account Type - 407 298 3157 (Gansbaai Sport Centre)						
ABSA BANK	20,000,000	10,000,000	-	20,000,000	10,000,000	-
Call Account						
INVESTEC BANK	30,000,000	-	-	30,000,000	-	-
Call Account						
Cash on hand in floats	-	-	-	12,800	15,000	15,420
<b>Total</b>	<b>92,396,972</b>	<b>39,039,628</b>	<b>11,344,482</b>	<b>70,003,701</b>	<b>29,623,308</b>	<b>11,859,899</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand

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### 14. Non-current assets held for sale

Assets meeting the definition and recognition criteria of non-current assets held for sale are reclassified and measured in accordance with GRAP 100 requirements.

ERF NO. 6830, Hermanus

Council resolved to sell this property in 2009 for the purpose of consolidation with an adjacent residential property. The property is 54m<sup>2</sup> in extent and was sold to HN De Villiers for R5,000. Transfer of the property was delayed by the purchaser. Transfer is expected in 2012.

ERF NO. 11138 portion of 243 Hermanus

Council resolved to sell the property in September 2009. The property was sold to the United Church on 22 February 2011. Transfer was delayed due to suspensive conditions in the Deed of Sale regarding the relocation of lessees on the property. Transfer is expected in 2012.

Portion 3 of the Farm Middelvlei 556, Hawston

Council resolved to sell the property in February 2010. The tender was awarded to Darioyog Investments (Pty) Ltd for the amount of R23,000,000 in August 2010. Transfer is expected in 2012.

ERVEN NO. 6468 to 6490, Hermanus (Mount Pleasant 22 Erven)

These are Gap Housing Properties. Council resolved to sell the properties in April 2009. Some of the contracts have been signed and some still needs to be sold. Transfers are expected in 2012.

ERF NO. 11172 portion of 257, Mount Pleasant

Council resolved to sell the property in April 2010. The agreement was signed in September 2010. Transfer is expected to register in 2012.

ERF NO. 5464, Kleinmond

Council resolved to sell the property in April 2010. The contract was signed in June 2011. Transfer is expected to register in 2012.

ERF NO. 5452 portion of 2013, Onrus

Council resolved to sell the property in June 2011 and the contract was signed in July 2011. Transfer is expected in 2012.

ERF NO. 109, Van Dyksbaai

Council resolved to sell in September 2010. Transfer is expected in 2012.

ERF NO 1931 portion of 215, Zwelihle

Council resolved to sell the property in March 2009. Transfer is expected in 2012.

#### Non-current assets held for sale comprises the following:

Erf no. 11006 - Hermanus Station site	-	15,000,000
Erf no. 6408 - Kleinmond Service yard	-	2,050,000
Erf no. 6830 - Hermanus	1,000	1,000
Erf no. 7288 - Hermanus	-	50,000
Erf no. 11000 - Hermanus	-	37,129
Erf no. 11138 - Hermanus	360,509	360,509
Portion 3 of the farm Middelvlei 556 - Hawston	23,000,000	-
Erven no. 6468 to 6490 - Hermanus Mount Pleasant	1,868,386	-
Erf no. 11172 - Hermanus Mount Pleasant	7,197	-
Erf no. 5464 - Kleinmond	375,000	-
Erf no. 5452 - Onrus	1,083,091	-
Erf no. 109 - Van Dyksbaai	1,200,000	-
Erf no. 1931 - Hermanus Zwelihle	6,979	-
	<b>27,902,162</b>	<b>17,498,638</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>15. Other financial liabilities</b>		
<b>Held at amortised cost</b>		
Annuity loans	261,299,006	180,741,170
<b>Non-current liabilities</b>		
At amortised cost	247,081,490	171,476,089
<b>Current liabilities</b>		
At amortised cost	14,217,516	9,265,081
	<b>261,299,006</b>	<b>180,741,170</b>

The fair values of the financial liabilities were determined as follows:

- a) The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.
- b) At the reporting date there are no significant concentrations of credit risk for Loans and Receivables at Fair Value. The carrying amount reflected above represents the municipality's maximum exposure to credit risk for such loans and receivables.

Refer to note 39 for maturity analysis of financial liabilities.

## 16. Unspent conditional grants and receipts

**Unspent conditional grants and receipts comprises of:**

<b>Unspent conditional grants and receipts</b>		
Government grants	5,073,085	204,888
Conditional receipts	4,881,866	1,717,128
	<b>9,954,951</b>	<b>1,922,016</b>

**Government grants comprise of the following:**

Neighbourhood development partnership grant	3,962,672	-
Provincial Treasury - Housing consumer education grant	129,391	204,888
Mobility strategy (Pound)	981,022	-
	<b>5,073,085</b>	<b>204,888</b>

**Conditional receipts comprise of the following:**

Cleanest town competition	255,202	21,586
VUNA awards competition	394,109	394,109
ABSA mentorship (Grey power)	50,000	50,000
Spaces for sport	125,127	252,599
Cape Town routes unlimited	-	200,000
World wildlife fund - Table mountain fund	-	231,814
OLEDA - IDC grant for interns	-	144,000
CSIR housing grant	3,141,515	173,420
Kleinmond 410 project - participation fees	-	6,600
DWAF (meter maintenance)	850,000	-
ABSA SAMRAS user group	450	-
Overberg District Municipality - Whale coast signage	39,863	243,000
Kleinmond: Infrastructure settlement - fire victims	25,600	-
	<b>4,881,866</b>	<b>1,717,128</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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2011 2010

### 16. Unspent conditional grants and receipts (continued)

#### Movement during the year

Balance at the beginning of the year	1,922,016	2,894,370
Additions during the year	77,776,083	35,789,988
Income recognition during the year	(69,743,148)	(36,671,608)
Transfer to debtors	-	(90,734)
	<b>9,954,951</b>	<b>1,922,016</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

### 17. Provisions

#### Reconciliation of provisions - 2011

	Opening Balance	Adjustments	Utilised during the year	Total
Rehabilitation of tip sites	18,995,425	14,416,790	-	33,412,215
Clearing of alien vegetation	6,600,000	11,525,000	-	18,125,000
Long service bonuses	4,305,000	266,000	-	4,571,000
Gratification payable	492,503	-	(11,407)	481,096
	<b>30,392,928</b>	<b>26,207,790</b>	<b>(11,407)</b>	<b>56,589,311</b>

#### Reconciliation of provisions - 2010

	Opening Balance	Adjustments	Utilised during the year	Total
Rehabilitation of tip sites	22,025,498	(3,030,073)	-	18,995,425
Clearing of alien vegetation	3,385,533	3,214,467	-	6,600,000
Long service bonuses	675,614	3,629,386	-	4,305,000
Gratification payable	566,360	(16,171)	(57,686)	492,503
	<b>26,653,005</b>	<b>3,797,609</b>	<b>(57,686)</b>	<b>30,392,928</b>
Non-current liabilities			48,468,665	25,901,296
Current liabilities			8,120,646	4,491,632
			<b>56,589,311</b>	<b>30,392,928</b>

#### Rehabilitation of tip sites:

The costs to rehabilitate all identified sites in the Overstrand are estimated at R33,412,215.

#### Clearing out of alien vegetation:

Approx. 20% of a total area of 26 154ha must be cleared during the next five years and the estimated cost amounts to R18,125,000.

#### Long service provision:

Post retirement benefits relating to long service bonuses have been provided for. An actuarial valuation has been carried out by a professional actuary as at 30 June 2010. The provision has been adjusted with the projection from the 2010 report for 2011 projection.

#### Gratification payable:

The cost of the gratification payable was based on employees not belonging to a pension fund up until February 2003 and is only payable on retirement.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>18. Trade and other payables from exchange transactions</b>		
Accrued leave pay	7,879,740	6,242,589
Builders' deposits	7,093,831	6,522,236
Control account - salaries	58,249	58,755
Control account - sundry	3,303,947	7,031,545
Deferred income	1,015,053	1,119,685
Deposits received	294,317	262,071
Other payables	4,262,778	4,614,807
Payments received in advanced	4,007,775	3,955,665
Retention money	6,934,485	7,239,218
Trade payables	38,765,890	36,803,366
	<b>73,616,065</b>	<b>73,849,937</b>
<b>19. Consumer deposits</b>		
Services	18,362,889	13,893,478
<b>20. Property rates</b>		
<b>Rates received</b>		
Residential and business	129,025,049	114,847,450
Property rates - penalties imposed and collection charges	129,025,049	114,847,450
	889,114	829,149
	<b>129,914,163</b>	<b>115,676,599</b>
<b>21. Service charges</b>		
Sale of electricity	189,402,779	147,487,684
Sale of water	77,214,555	74,724,740
Refuse removal	37,218,264	33,116,688
Sewerage charges	50,522,871	36,078,120
	<b>354,358,469</b>	<b>291,407,232</b>

# Overstrand Municipality

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Figures in Rand	2011	2010
<b>22. Government grants and subsidies</b>		
National Equitable share	28,067,000	22,452,206
National Financial management grant	1,000,000	1,570,157
National Municipal systems improvement grant	750,000	402,902
Provincial Library grant	608,000	556,000
Provincial Municipal infrastructure grant	6,630,757	6,987,373
Provincial Social housing projects grant	35,681,839	17,722,670
Provincial Multi purpose centre grant	-	78,016
Provincial Community development workers grant	100,000	96,000
National Integrated national electricity grant	3,639,000	1,921,000
Provincial Housing consumer education grant	75,497	130,545
National Neighbourhood development partners grant	6,973,164	2,263,663
Provincial Main road subsidy	40,200	-
Provincial Fire victims grant	32,000	-
Mobility strategy (Pound)	18,979	-
	<b>83,616,436</b>	<b>54,180,532</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy based on the basic service charges for water, electricity, sewerage, refuse and 6kl free basic water and 50kw unit of electricity (2010: same principal applied), which is funded from the grant.

### National - Financial management grant

Balance unspent at beginning of year	-	820,157
Current year receipts	1,000,000	750,000
Conditions met - transferred to revenue	(1,000,000)	(1,570,157)
	-	-

Conditions still to be met - remain liabilities (see note 16)

### National - Municipal systems improvement grant

Balance unspent at beginning of year	-	2,902
Current year receipts	750,000	400,000
Conditions met - transferred to revenue	(750,000)	(402,902)
	-	-

Conditions still to be met - remain liabilities (see note 16)

### Provincial - Library grant

Current year receipts	608,000	556,000
Conditions met - transferred to revenue	(608,000)	(556,000)
	-	-

Conditions still to be met - remain liabilities (see note 16)

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>22. Government grants and subsidies (continued)</b>		
<b>Provincial - Municipal infrastructure grant</b>		
Current year receipts	9,209,000	15,894,000
Conditions met - transferred to revenue	(6,630,757)	(6,987,373)
Transferred to debtors	(2,578,243)	(8,906,627)
	-	-
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial - Social housing projects grant</b>		
Current year receipts	32,835,932	12,392,040
Conditions met - transferred to revenue	(35,681,839)	(17,722,670)
Transferred to debtors	2,845,907	5,330,630
	-	-
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial - Multi purpose centre grant</b>		
Balance unspent at beginning of year	-	78,016
Conditions met - transferred to revenue	-	(78,016)
	-	-
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial - Community development workers grant</b>		
Current year receipts	100,000	96,000
Conditions met - transferred to revenue	(100,000)	(96,000)
	-	-
Conditions still to be met - remain liabilities (see note 16)		
<b>National - Integrated national electricity grant</b>		
Current year receipts	3,639,000	1,921,000
Conditions met - transferred to revenue	(3,639,000)	(1,921,000)
	-	-
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial - Housing consumer education grant</b>		
Balance unspent at beginning of year	204,888	185,433
Current year receipts	-	150,000
Conditions met - transferred to revenue	(75,497)	(130,545)
	129,391	204,888
Conditions still to be met - remain liabilities (see note 16)		

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>22. Government grants and subsidies (continued)</b>		
<b>National - Neighbourhood development partners grant</b>		
Current year receipts	10,935,837	2,263,663
Conditions met - transferred to revenue	(6,973,164)	(2,263,663)
	<b>3,962,673</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 16)		
<b>Mobility strategy (Pound)</b>		
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(18,978)	-
	<b>981,022</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial Main road subsidy</b>		
Current-year receipts	40,200	-
Conditions met - transferred to revenue	(40,200)	-
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 16)		
<b>Provincial Fire victims grant</b>		
Current-year receipts	32,000	-
Conditions met - transferred to revenue	(32,000)	-
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 16)		

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>23. Other income</b>		
Administration charges	293,278	188,906
Admission fees	597,789	680,922
Building plan fees	2,799,914	2,583,627
Cemetery fees	149,611	144,697
Collection charges	1,705,232	1,513,835
Commission received	75,663	62,599
Developers contributions	3,250,422	8,016,927
Library fees	63,480	79,061
Other income	1,231,206	2,551,741
Central improvement district	3,601,286	3,091,382
Parking fees	126,984	145,789
Plot clearing charges	132,707	288,571
Post office agency	29,149	33,339
Pound fees	160,032	186,641
Private telephone calls recovered	308,367	369,167
Illegal connection fees	7,862	4,356
Reconnection fees	278,761	151,596
Provision for rehabilitation of tip sites	-	3,030,073
Roadworthy certificates	456,911	405,427
SETA claims	464,260	575,257
Swimming pool fees	12,434	48,330
Tax liability write-off	-	293,542
Town planning fees	720,455	846,959
Valuation and clearance certificates	388,714	385,605
Vehicle permits	230,438	234,434
	<b>17,084,955</b>	<b>25,912,783</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 24. General expenses

Advertising	1,153,450	1,053,914
Auditors remuneration	2,732,245	3,102,087
Bank charges	878,782	892,500
Chemicals	6,658,906	5,641,027
Commission paid	2,955,518	2,291,557
Conditional receipts expenses	44,091,559	13,095,973
Consumables	1,097,536	1,223,815
Contribution to provisions	25,941,789	3,214,467
Debt collection costs	788,177	1,964,072
Delegate expenses	130,402	116,287
Diesel for boilers	240,098	162,072
Electricity	2,146,420	1,586,463
Fuel and oil	6,887,275	5,880,834
Hermanus public protection	3,152,369	3,144,004
Hire	435,554	287,701
Improvement rebates	21,511,936	17,354,711
Insurance	1,277,635	2,144,885
LED project implementation	437,900	317,790
Lease rentals	1,149,421	1,807,060
Legal fees	605,611	911,599
Management of informal settlements	1,462,087	1,241,156
Municipal charges	9,905,826	7,134,655
Occupational health and safety	84,996	66,170
Plot clearing costs	167,980	304,024
Postage and courier	1,145,451	584,977
Printing and stationery	1,774,627	1,369,856
Property valuation charges	900,558	664,098
Public functions	221,053	175,911
Radio license fees	34,585	26,356
Rates rebates and exemptions	4,507,846	4,768,101
Reference library	126,660	441,055
Refuse/recycle bags	222,288	186,230
Security services	3,416,526	2,777,028
Skills development levies	1,513,353	1,228,067
Solid waste chipping	1,946,171	1,688,668
Solid waste dumping fees	3,392,015	2,838,261
Solid waste haulage	2,255,019	1,677,326
Special projects	1,785,621	1,391,988
Staff welfare	80,463	366,711
Subscriptions and membership fees	776,842	697,279
Subsistence and transport	914,040	659,009
Sundry expenses	1,036,903	479,081
Telephone and fax	4,788,922	5,009,425
Title deed search fees	95,069	105,014
Tourism development	3,080,778	2,935,461
Training	2,396,618	1,185,102
Uniforms and protective clothing	1,386,282	972,652
Veterinary services	380,375	418,933
Water catchment, research and testing	1,821,529	1,623,923
Workmen's compensation assurance	913,499	890,196
	<b>176,806,565</b>	<b>110,099,531</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand

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### 25. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges		
Equipment and offices		
• Contractual amounts	1,149,421	1,807,060
Gain on sale of property, plant and equipment	13,170,653	7,025,650
Impairment on property, plant and equipment	798,734	117,000
Impairment on other financial assets	2,631,821	-
Depreciation and amortisation on property, plant and equipment	103,696,769	101,658,521
Employee costs	190,705,582	164,249,049

### 26. Employee related costs

Basic	112,097,832	95,981,819
Bonus	8,034,954	6,962,754
Medical aid - company contributions	7,006,870	6,193,312
UIF	1,095,880	976,562
Other payroll levies	50,320	44,165
Leave pay provision charge	2,055,834	999,520
Scarcity allowance	1,338,595	1,159,532
Post-employment benefits - Pension - Defined contribution plan	27,729,987	23,649,787
Overtime payments	10,485,299	9,800,747
Long-service bonuses	535,080	836,763
Acting allowances	709,086	828,990
Car allowance	7,472,762	6,618,156
Housing benefits and allowances	967,697	1,041,767
Standby allowances	4,337,000	3,435,075
Sundry allowances	1,175,190	467,460
Group life - company contributions	773,489	634,935
Full time union representative	-	87,994
	<b>185,865,875</b>	<b>159,719,338</b>

#### Remuneration of municipal manager

Annual Remuneration	1,071,102	969,025
Car Allowance	-	60,000
Performance Bonuses	-	30,000
Contributions to UIF, Medical and Pension Funds	258,792	212,450
	<b>1,329,894</b>	<b>1,271,475</b>

Cellphone allowance

17,952 12,825

#### Remuneration of director: Finance

Annual Remuneration	866,128	802,687
Car Allowance	-	44,340
Performance Bonuses	-	66,252
Contributions to UIF, Medical and Pension Funds	246,225	166,657
	<b>1,112,353</b>	<b>1,079,936</b>

Cellphone allowance

17,952 12,825

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>26. Employee related costs (continued)</b>		
<b>Remuneration of director: Management services</b>		
Annual Remuneration	608,026	546,005
Car Allowance	-	72,000
Performance Bonuses	-	31,602
Contributions to UIF, Medical and Pension Funds	196,428	147,825
	<b>804,454</b>	<b>797,432</b>
Cellphone allowance	17,952	12,825
Acting allowance	14,414	13,821
	<b>32,366</b>	<b>26,646</b>
<b>Remuneration of director: Protection services</b>		
Annual Remuneration	544,404	464,565
Car Allowance	120,000	120,000
Performance Bonuses	-	22,050
Contributions to UIF, Medical and Pension Funds	78,687	119,246
	<b>743,091</b>	<b>725,861</b>
Cellphone allowance	17,952	12,825
<b>Remuneration of director: Infrastructure and planning</b>		
Annual Remuneration	850,031	695,575
Car Allowance	60,000	129,528
Performance Bonuses	-	74,533
Contributions to UIF, Medical and Pension Funds	201,179	170,117
Computer allowance	6,516	6,516
	<b>1,117,726</b>	<b>1,076,269</b>
Cellphone allowance	17,952	12,825
<b>Remuneration of director: Local economic development</b>		
Annual Remuneration	527,374	477,597
Car Allowance	120,000	115,000
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	64,523	108,134
	<b>711,897</b>	<b>700,731</b>
Cellphone allowance	17,952	12,825

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>26. Employee related costs (continued)</b>		
<b>Remuneration of director: Community services</b>		
Annual Remuneration	685,057	595,482
Car Allowance	126,512	150,768
Performance Bonuses	-	37,064
Contributions to UIF, Medical and Pension Funds	90,644	146,377
Computer allowance	3,912	3,912
	<b>906,125</b>	<b>933,603</b>
Cellphone allowance	<b>17,952</b>	<b>12,825</b>
<b>Remuneration of director: Ex OLEDA director</b>		
Annual Remuneration	353,076	40,417
Car Allowance	20,000	10,000
Performance Bonuses	7,058	-
Contributions to UIF, Medical and Pension Funds	74,410	7,404
	<b>454,544</b>	<b>57,821</b>
Please note that key management personnel are related parties of the municipality.		
<b>27. Remuneration of councillors</b>		
Executive Major	561,678	555,008
Deputy Executive Mayor	461,270	407,905
Mayoral Committee Members	867,820	863,567
Speaker	461,270	444,005
Councillors	2,487,669	2,259,226
	<b>4,839,707</b>	<b>4,529,711</b>
Please note that key management personnel are related parties of the municipality.		
<b>28. Debt impairment</b>		
Contributions to debt impairment provision	<b>4,805,545</b>	<b>9,507,272</b>
<b>29. Depreciation and amortisation</b>		
Property, plant and equipment	103,559,824	101,563,097
Intangible assets	136,945	95,424
	<b>103,696,769</b>	<b>101,658,521</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>30. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	798,734	117,000
Other financial assets	2,631,821	-
NRB bank is under receivership since October 1999. Interest only accrued until 31 December 2007. There is no guarantee that the municipality will receive the full value of the investment. During the 2009 financial year, a dividend of R0.45 on the original capital still outstanding has been received. This brings the total payout to 89% of the original investment.		
Due to the fact that the majority of the debt still to be collected, by the receivers, involve some form of legal action, it is not possible to determine a date as to when the liquidation process will be completed. Management impaired this investment to Rnil and its been moved to contingent assets as at 30 June 2011.		
	<b>3,430,555</b>	<b>117,000</b>
<b>31. Finance costs</b>		
Current borrowings	19,372,685	19,282,597
<b>32. Auditors' remuneration</b>		
Fees	2,732,245	3,102,087
<b>33. Contracted services</b>		
Specialist Services	8,259,011	6,318,853
Other Contractors	12,152,571	8,144,727
	<b>20,411,582</b>	<b>14,463,580</b>
<b>34. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Low house-hold subsidies	23,537,539	11,817,760
Grants to organisations	82,000	169,471
	<b>23,619,539</b>	<b>11,987,231</b>
<b>35. Bulk purchases</b>		
Electricity	101,683,452	78,005,898

# Overstrand Municipality

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## Notes to the Annual Financial Statements

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### 36. Cash generated from operations

Deficit	(39,554,156)	(17,918,302)
<b>Adjustments for:</b>		
Depreciation and amortisation	103,696,769	101,658,521
Gain on sale of property, plant and equipment	(13,170,653)	(7,025,650)
Fair value adjustments	(22,425,882)	(19,857,210)
Impairment loss	3,430,555	117,000
Debt impairment	4,805,545	9,507,272
Movements in operating lease assets and accruals	15,308	5,846
Movements in retirement benefit obligation	6,850,000	3,068,361
Movements in provisions	26,196,383	3,739,923
Movement in self insurance fund	(447,145)	729,653
Movement in housing development fund	(5,881)	9,267
<b>Changes in working capital:</b>		
Inventories	565,065	186,914
Trade and other receivables from exchange transactions	(715,964)	(230,231)
Other receivables from non-exchange transactions	5,662,744	14,587,247
Consumer debtors	(14,349,741)	(7,585,321)
Trade and other payables from exchange transactions	(233,847)	(22,340,850)
VAT	(2,043,157)	2,899,269
Unspent conditional grants and receipts	8,032,935	(972,354)
Consumer deposits	4,469,411	2,513,938
	<b>70,778,289</b>	<b>63,093,293</b>

### 37. Commitments

#### Authorised capital expenditure

##### Already contracted for and authorised by council

• Property, plant and equipment	14,638,065	9,866,604
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##### Not yet contracted for and authorised by council

• Property, plant and equipment	213,971,000	161,809,089
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#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	255,291	803,495
- in second to fifth year inclusive	126,654	381,945
	<b>381,945</b>	<b>1,185,440</b>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

#### Operating leases - as lessor (income)

##### Minimum lease payments due

- within one year	362,110	325,035
- in second to fifth year inclusive	1,220,464	1,477,060
- later than five years	2,451,645	2,557,158
	<b>4,034,219</b>	<b>4,359,253</b>

Certain of the municipality's property are held to generate rental income. Lease agreements are non-cancelable and have terms from 3 to 99 years. There are no contingent rents receivable.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 38. Contingencies

#### Contingent liabilities

##### SALA Pension Fund

SALA unilaterally decided to increase the employer's contribution to the said fund from 18,75% to 20,78% in 2003. A claim was instituted by the South African Local Authorities Pension Fund (SALA) in the Magistrate's Court for the district of Hermanus for the non-payment of increased contributions from July 2003 amounting to R136 596 plus interest at the prescribed rate from 30 September 2010.

##### RH Schonegezel vs Overstrand Municipality

The applicant filed a Notice of Motion in the Western Cape High Court requesting that:

- \* the Municipality immediately approves certain building plans submitted by him;
- \* the Municipality immediately approves all transfers involving in the sale of land (apparently at Paradise Park) if all legal requirements are met;
- \* the Municipality stops with its attempts to coerce and blackmail the applicant into connecting to the Municipality's waterborne sewage system ;
- \* the Municipality stops charging the applicant for 294 connection points; and
- \* the Municipality repays all monies charged for the connection of the 294 connection points.

This matter was not brought as an urgent or semi urgent matter - it is thus foreseen that, should the matter proceed, the court date will only be towards the late third quarter of the current financial year. Municipality's exposure is approximately R250 000.

##### Marius Kleynhans et. al vs Overstrand Municipality

The applicant filed a Notice of Motion in the Western Cape High Court requesting that:

The Municipality be ordered to ensure that the Fernkloof Estate is fully protected by electrified fencing that is designed to prevent unauthorised access to the estate.

This matter was not brought as an urgent or semi urgent matter - it is thus foreseen that, should the matter proceed, the court date will only be towards the late third quarter of the current financial year. Municipality's exposure is approximately R3 500 000.

##### Cape Joint Pension Fund

On 30 June 2009 Cape Joint Pension Fund realised a rate of interest of less than 5.5% on the total monies of the Fund. Rule 17(5) of the Fund state that local authorities associated with the Fund shall cover the shortfall in proportion to the contributions paid by each local authority. At 30 June 2011 the claim made by the Cape Joint Pension Fund amounts to R1 679 993 (including interest). Overstrand municipality together with a number of other municipalities has instituted legal proceedings to oppose the claim.

#### Contingent assets

##### New Republic Bank

The municipality has an investment with New Republic Bank. The bank is under receivership since October 1999. Interest only accrued until 31 December 2007. There is no guarantee that the municipality will receive the full value of the investment. During the 2009 financial year, a dividend of R0.45 on the original capital still outstanding has been received. This brings the total payout to 89% of the original investment.

Due to the fact that the majority of the debt still to be collected, by the receivers, involve some form of legal action, it is not possible to determine a date as to when the liquidation process will be completed.

Management impaired this investment from R2 631 821 to Rnil.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 39. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 15, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement of financial position.

Capital risk is managed by monitoring the municipality's gearing ratio and ensuring that it is at acceptable levels.

#### Financial risk management

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Interest rate risk for long term financial liabilities is managed by monitoring the relevant rate and fixing it when market conditions indicate that it is favourable to do so.

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

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### 39. Risk management (continued)

Interest rate risk for trade and other payables is managed by ensuring that all payments are made within 30 days of receipt of statement, as prescribed by the MFMA.

#### Liquidity and interest rate risk

Financial instruments 30 June 2011	Average effective interest rate	Total	Due in less than a year	Due in one to two years	Due in two to five years	Due after five years
Fixed interest rate instruments	10.72 %	337,150,524	30,864,895	28,592,631	77,705,771	199,987,226
Variable interest rate instruments	9.44 %	159,193,934	10,562,034	10,607,335	31,278,731	106,745,833
<b>Financial instruments</b>						
<b>30 June 2010</b>						
Fixed interest rate instruments	10.52 %	208,545,169	18,707,810	30,864,895	43,733,586	115,238,878
Variable interest rate instruments	9.44 %	139,632,199	10,438,265	10,562,034	31,549,666	87,082,234

Above tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date which the municipality can be required to pay. The tables include both interest and principal cash flows.

#### Interest rate sensitivity analysis

##### Financial assets:

If the weighted interest rate at a given date had been 100 basis points higher, with all other variables held constant, the fair value impact on the Statement of Financial Performance would have been R662 899 (2010/2009 : R480 318) with the opposite effect if the interest rate had been 100 basis points lower.

##### Financial liabilities:

If the interest rate at a given date had been 100 basis points higher, with all other variables held constant, the fair value impact on the Statement of Financial Performance would have been R1 822 454 (2010/2009 : R1 807 179) with the opposite effect if the interest rate had been 100 basis points lower.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

#### Credit quality of financial assets

##### Counter parties with external credit rating (Fitch's):

##### Other financial assets

F 1	50,000,000	10,000,000
F 3	1,261,697	2,631,821
	<b>51,261,697</b>	<b>12,631,821</b>

# Overstrand Municipality

Annual Financial Statements for the year ended June 30, 2011

## Notes to the Annual Financial Statements

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### 39. Risk management (continued)

#### Counter parties without external credit rating:

##### Trade and other receivables from exchange and non-exchange transactions

Group 2	21,111,704	27,319,456
Group 3	7,185,483	5,924,512
	<b>28,297,187</b>	<b>33,243,968</b>

##### Consumer debtors

Group 1	13,389,400	10,890,965
Group 2	1,672,008	690,515
Group 3	3,224,595	2,731,207
Group 4	25,836,932	20,266,052
	<b>44,122,935</b>	<b>34,578,739</b>

##### Long term receivables

Group 3	171,321	200,384
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F1 = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

F2 = Good credit quality. A satisfactory capacity for timely payment of financial commitments.

F3 = Fair credit quality. The capacity for timely payment of financial commitments is adequate.

Group 1 = Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in the financial and economic conditions.

Group 2 = Fair credit quality. The capacity for timely payment of financial commitments is adequate.

Group 3 = Good credit quality. A satisfactory capacity for timely payment of financial commitments.

Group 4 = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

### 40. Fruitless and wasteful expenditure

Opening balance	176,250	5,718
Fruitless and wasteful expenditure	-	356,250
Recovered / written-off by council	-	(185,718)
	<b>176,250</b>	<b>176,250</b>

#### Incident

#### Disciplinary steps/criminal proceedings

Payment to fraudulent bank account (2009)	Referred to oversight committee for investigation. Recovered from responsible party.
Erroneous payment made to supplier (2010)	Steps taken to recover funds

# Overstrand Municipality

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<b>41. Irregular expenditure</b>		
Opening balance	17,427	3,268,855
Legal costs	-	904,346
Management of informal settlements	-	1,051,928
Personnel as directors of suppliers	-	4,175
Procurement quotes	-	2,000
Short advertisement period	-	12,539,148
Awards to persons temporary employed	44,863	-
Procurement without deviation application	67,424	-
Recovered / written-off by council	-	(17,753,025)
	<b>129,714</b>	<b>17,427</b>

Expenditure was incurred in contravention with Overstrand Municipality's supply chain management policy.

Irregular expenditure was written-off in accordance with section 32(2)(b) of the MFMA.

## 42. Additional disclosure in terms of Municipal Finance Management Act

### VAT

VAT receivable	<b>17,676,711</b>	<b>15,633,554</b>
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All VAT returns have been submitted by the due date throughout the year.

## 43. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

## 44. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

## 45. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Refer to page 56 for the supply chain management deviations.

# Overstrand Municipality

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### 46. Multi-employer retirement benefit information

Overstrand Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

One councillor belongs to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R27.7 million (2010: R23.6 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

#### DEFINED BENEFIT SCHEMES

##### Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the fund had a surplus of R0,0 (30 June 2009: R0,0) million, with a funding level of 100,0% (30 June 2009: 100,0%) and a solvency reserve with a closing balance of R4,9 (30 June 2009: R220,6) million. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,1%.

##### South African Local Authorities Pension Fund (SALA):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2010.

The statutory valuation performed as at 1 July 2010 revealed that the fund had a deficit of R307,6 (1 July 2009: R264,2) million, with a funding level of 96% (1 July 2009: 96%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is sufficient to fund the benefits accruing from the fund in the future.

#### DEFINED CONTRIBUTION SCHEMES

##### Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R8 200 (30 June 2009: R6 842) million, with funding levels of 99,9% and 100,3% (30 June 2009: 100,8% and 131,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the fund had a funding ratio of 106,5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### South African Municipal Workers Union National Provident Fund:

The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100,0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

# Overstrand Municipality

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### 47. Comparative figures

The information presented below are only the statement of financial performance and statement of financial position items that have been affected by adjustments to comparative figures. The comparative figures have been adjusted for the following reasons:

#### Accounting errors

Accounting errors relating to prior periods have been identified during the 2010/2011 financial period. These errors include mathematical errors <sup>2</sup>, misapplication of accounting policies <sup>1</sup>, oversight or misinterpretation of facts <sup>2</sup>, and the effects of fraud <sup>3</sup>.

#### Changes in classification

Changes in classification were due to bringing items in line with National Treasury's budget guidelines.

	Amount previously reported	Accounting errors	Changes in classification	Changes in accounting policy	Restated amount
<b>Statement of financial position</b>					
<b>Current Assets</b>					
Inventories <sup>2</sup>	4,634,802	(277,093)	-	-	4,357,709
Other financial assets	10,000,000	-	(10,000,000)	-	-
Operating lease asset <sup>2</sup>	744,064	49,123	-	-	793,187
Trade and other receivables from exchange transactions <sup>2</sup>	30,408,119	1,682,364	(26,553,940)	-	5,536,543
Other receivables from non-exchange transactions <sup>2</sup>	-	1,156,112	26,551,313	-	27,707,425
Consumer debtors <sup>2</sup>	35,105,859	(527,120)	-	-	34,578,739
Cash and cash equivalents	19,623,308	-	10,000,000	-	29,623,308
<b>Non-current Assets</b>					
Property, plant and equipment <sup>2</sup>	2,912,643,273	90,619,926	-	-	3,003,263,199
Intangible assets <sup>2</sup>	2,577,277	287,107	-	-	2,864,384
Long term receivables <sup>2</sup>	173,993	(4,972)	-	-	169,021
<b>Non-current assets held for sale <sup>2</sup></b>	<b>19,298,638</b>	<b>(1,800,000)</b>	<b>-</b>	<b>-</b>	<b>17,498,638</b>
<b>Current Liabilities</b>					
Trade and other payables <sup>2</sup>	(73,540,770)	(311,797)	2,627	-	(73,849,937)
<b>Non-current Liabilities</b>					
Other financial liabilities <sup>2</sup>	(171,488,108)	12,019	-	-	(171,476,089)
Provisions <sup>2</sup>	(25,917,467)	16,171	-	-	(25,901,296)
Net assets					
Accumulated surplus	(2,446,143,939)	(90,901,840)	-	-	(2,537,045,782)
<b>Statement of financial performance</b>					
<b>Revenue</b>					
Property rates <sup>2</sup>	121,922,911	17,179	(7,092,640)	-	114,847,450
Service charges <sup>2</sup>	292,633,636	(1,226,406)	-	-	291,407,232
Penalties - property rates <sup>2</sup>	827,811	1,338	-	-	829,149
Rental income <sup>2</sup>	5,842,353	101,084	-	-	5,943,436
Public contributions and donations <sup>2</sup>	8,467,834	(1,800,000)	-	-	6,667,834
Fines <sup>2</sup>	2,528,628	25,434	(14,300)	-	2,539,761
Licences and permits <sup>2</sup>	1,410,817	372	14,300	-	1,425,489
Government grants <sup>2</sup>	56,652,174	(2,471,641)	-	-	54,180,532
Agency services	-	-	1,820,101	-	1,820,101
Other income <sup>2</sup>	23,444,737	1,085,875	1,382,171	-	25,912,783
<b>Expenditure</b>					
Employee costs <sup>2</sup>	(156,843,819)	(2,875,519)	-	-	(159,719,338)
Depreciation <sup>2</sup>	(101,142,706)	(515,814)	-	-	(101,658,521)
Finance costs <sup>2</sup>	(19,294,616)	12,019	-	-	(19,282,597)
Repairs and maintenance <sup>2</sup>	(48,925,451)	(250,151)	3,214,467	-	(45,961,135)
Contracted services <sup>2</sup>	(14,461,156)	(2,424)	-	-	(14,463,580)
Grants and subsidies paid	(11,817,760)	-	(169,471)	-	(11,987,231)
General expenses <sup>2</sup>	(110,827,156)	(117,749)	845,371	-	(110,099,531)
Gain on disposal of assets <sup>2</sup>	7,046,456	(20,806)	-	-	7,025,650

# Overstrand Municipality

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### 48. Distribution losses

	Electricity	Water
<b>2011</b>		
Rand value	6,159,141	3,100,572
% loss	8.37 %	24.24 %
<b>2010</b>		
Rand value	5,230,268	2,875,397
% loss	9.30 %	27.43 %

Water losses to the amount of R3 100 572 (24.24%) were incurred as a result of unmetered connections, aging pipeline infrastructure, burst pipes, old reticulation networks and other leakages. Alien vegetation infestation in watercourses and catchment areas are also a contributing factor.

Cost per kilolitre was calculated using the following basis:

The water treatment and raw water departments are used in calculating the cost per kilolitre. The following costs for each department is used:

General expenses (excluding departmental charges), direct labour attributable to the purification of water, depreciation based on the cost of attributable infrastructure assets and all repair and maintenance.

The total of above expenditure is then divided by the total kilolitres of water purified during the year and this equals the cost per kilolitre.

Electricity losses to the amount of R6 159 141 (8.37%) were incurred as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status/condition and age of the network, weather conditions and load on the system as well as non-technical losses such as theft and vandalism.

### 49. Awards to close family members of persons in the service of the state

In May 2011 awards to the amount of R3 850 were given to John Rauch Plumbing who is a close family member of L. Rauch: Senior GIS Administrator of the municipality.

## Notes to the Annual Financial Statements

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### 50. Statement of comparative budget and actual information

2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>									
Property rates	128,832,890	128,832,890		128,832,890	129,914,163		(1,081,273)	101 %	101 %
Service charges	361,580,120	348,760,120		348,760,120	354,358,469		(5,598,349)	102 %	98 %
Investment revenue	4,122,990	2,647,990		2,647,990	3,705,016		(1,057,026)	140 %	90 %
Transfers recognised - operational	69,153,500	55,885,488		55,885,488	65,599,188		(9,713,700)	117 %	95 %
Other own revenue	28,240,580	48,533,016		48,533,016	70,560,235		(22,027,219)	145 %	250 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>591,930,080</b>	<b>584,659,504</b>		<b>584,659,504</b>	<b>624,137,071</b>		<b>(39,477,567)</b>	<b>107 %</b>	<b>105 %</b>
Employee costs	(180,902,950)	(179,745,470)		(179,745,470)	(185,865,875)		-	6,120,405	103 %
Remuneration of councillors	(5,257,850)	(5,086,230)		(5,086,230)	(4,839,707)		-	(246,523)	95 %
Debt impairment	(1,000,000)	(1,000,000)		(1,000,000)	(4,805,545)		-	3,805,545	481 %
Depreciation and asset impairment	(120,550,750)	(102,550,750)		(102,550,750)	(107,127,324)		-	4,576,574	104 %
Finance charges	(28,045,440)	(22,645,440)		(22,645,440)	(22,645,440)		-	(3,272,755)	86 %
Materials and bulk purchases	(103,276,380)	(103,276,380)		(103,276,380)	(101,683,452)		-	(1,592,928)	98 %
Transfers and grants	(20,000,000)	(22,800,000)		(22,800,000)	(23,619,539)		-	819,539	104 %
Other expenditure	(248,971,490)	(245,157,365)		(245,157,365)	(255,765,666)		-	10,608,301	104 %
<b>Total expenditure</b>	<b>(708,004,860)</b>	<b>(682,261,635)</b>		<b>(682,261,635)</b>	<b>(703,079,793)</b>		<b>-</b>	<b>20,818,158</b>	<b>103 %</b>
<b>Surplus/(Deficit)</b>	<b>(116,074,780)</b>	<b>(97,602,131)</b>		<b>(97,602,131)</b>	<b>(78,942,722)</b>		<b>(18,659,409)</b>	<b>81 %</b>	<b>68 %</b>

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital contributions recognised - capital and contributed assets	32,333,470	29,098,258	29,098,258	24,085,179			5,013,079	83 %	74 %
	-	500,000		15,303,387			(14,803,387)	3,061 %	DIv/0 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(83,741,310)</b>	<b>(68,003,873)</b>		<b>(68,003,873)</b>	<b>(39,554,156)</b>		<b>(28,449,717)</b>	<b>58 %</b>	<b>47 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>(83,741,310)</b>	<b>(68,003,873)</b>		<b>(68,003,873)</b>	<b>(39,554,156)</b>		<b>(28,449,717)</b>	<b>58 %</b>	<b>47 %</b>

## Notes to the Annual Financial Statements

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % outcome as % of original budget
<b>Capital expenditure and funds sources</b>									
Total capital expenditure	161,809,088	149,297,703	-	149,297,703	150,306,802	-	(1,009,099)	101 %	93 %
<b>Sources of capital funds</b>									
Transfers recognised - capital	26,003,000	24,395,056		24,395,056	24,085,179		309,877	99 %	93 %
Public contributions and donations	8,700,000	8,865,945		8,865,945	15,303,387		(6,437,442)	173 %	176 %
Borrowing	97,660,000	88,476,875		88,476,875	86,882,720		1,594,155	98 %	89 %
Internally generated funds	29,446,088	27,559,827		27,559,827	24,035,516		3,524,311	87 %	82 %
<b>Total sources of capital funds</b>	<b>161,809,088</b>	<b>149,297,703</b>		<b>149,297,703</b>	<b>150,306,802</b>		<b>(1,009,099)</b>	<b>101 %</b>	<b>93 %</b>
<b>Cash flows</b>									
Net cash from (used) operating	41,030,000	44,131,004		44,131,004	70,778,289		(26,647,285)	160 %	173 %
Net cash from (used) investing	(118,757,000)	(139,547,706)		(139,547,706)	(110,955,732)		(28,591,974)	80 %	93 %
Net cash from (used) financing	91,162,000	85,070,751		85,070,751	80,557,836		4,512,915	95 %	88 %
<b>Cash/cash equivalents at the year end</b>	<b>13,435,000</b>	<b>(10,345,951)</b>		<b>(10,345,951)</b>	<b>40,380,393</b>		<b>(50,726,344)</b>	<b>(390)%</b>	<b>301 %</b>

## Supply Chain Management Policy

Deviations from the Policy - 2010/2011

Reference No.	Deviations	Description	Awarded to	Amount Capital	Amount Operational	VAT @ 14%	Value of the Deviations
SC286a/2008	SCM Req 36(1)(a)(v) (Ex SC269/2008)	Implement Tourism Barometer	Price Waterhouse Coopers	R 117 000.00	R 24 500.00	R 199 500.00	R 500.00
SC287a/2008	SCM Req 36(1)(a)(v)	Facilitation of risk workshops (incl skills transfer)	Lateral Dynamics	R 820 000.00	R 114 300.00	R 934 800.00	R 800.00
SC487b/2010	SCM Req 36(1)(a)(v) (ext)	Upgrade of Pro-Audit Advisor: (incl units)	IAPro CCIS Technology Holdings (Pty) Ltd	R 14 040.00	R 2 556.00	R 16 056.60	R 80.00
SC522b/2008	SCM Req 36(1)(a)(v)	Electricity Monitoring System (Two units)	ONLAB	R 18 250.00	R 2 050.00	R 20 305.00	R 80.00
SC626a/2010	SCM Req 36(1)(a)(v)	Clearing of stormwater & sewer drain and pipes and sewer pumpstation	Dyna Rod	R 14 370.00	R 2 011.90	R 16 381.90	R 176.90
SC626b/2009	SCM Req 36(1)(a)(v) (ext)	Clearing of stormwater & sewer drain and pipes and sewer pumpstation	Dyna Rod	R 15 528.31	R 2 173.58	R 16 699.99	R 176.99
SC686c/2009	SCM Req 36(1)(a)(v) (ext)	Clearing of stormwater & sewer drain and pipes and sewer pumpstation	Bumar Civils	R 1 345 945.95	R -	R 1 884 432.43	R 1 554 376.39
SC687a/2009	SCM Req 36(1)(a)(v) (ext)	Clearing roads in Sandberg	SW du Plessis	R 6 140.35	R 6 140.35	R 856.55	R 7 000.00
SC686e/b/2009	SCM Req 36(1)(a)(v)	Small bore connections	SW du Plessis	R 2 000.00	R 280.00	R 280.00	R 280.00
SC696c/c/2009	SCM Req 36(1)(a)(v)	Small bore connections	Gene Louw Traffic College	R 3 373.16	R 472.24	R 3 845.40	R 345.40
SC701/a/2010	SCM Req 36(1)(a)(v)	Training of four traffic officers at Gene Louw Traffic College	Gene Louw Traffic College	R 3 333.33	R 466.67	R 3 800.00	R 345.40
SC777/a/2009	SCM Req 36(1)(a)(v) (ext)	Maintenance Equipment Water & Sewage Treatment Works	Maisiebenz Water Systems (Pty) Ltd	R 21 928.82	R 3 070.17	R 24 988.99	R 285.00
SC777/b/2009	SCM Req 36(1)(a)(v) (ext)	Repairs to Equipment at the Sewage Treatment Works	Maisiebenz Water Systems (Pty) Ltd	R 25 000.00	R 3 500.00	R 28 500.00	R 285.00
SC778/a/2009	SCM Req 36(1)(a)(v) (ext)	Implementation of Basic Performance Management Top level SDBIP	Ignite Advisory Services	R 40 515.00	R 6 672.10	R 46 187.10	R 432.00
SC781/b/2009	SCM Req 36(1)(a)(v) (ext)	Implementation of Basic Performance Management Top level SDBIP	Ignite Advisory Services	R 3 800.00	R 532.00	R 4 332.00	R 432.00
SC781/c/2009	SCM Req 36(1)(a)(v) (ext)	Implementation of Basic Performance Management Top level SDBIP	ESRL South Africa	R 10 415.00	R 1 453.10	R 11 873.10	R 102.00
SC830/a/2010	SCM Req 36(1)(a)(v) (ext)	Implementation of Basic Performance Management Process Development Top level SDBIP	Worcester Ethin Sanitrum	R 69 288.90	R 9 700.32	R 78 988.32	R 988.32
SC894/2010	SCM Req 36(1)(a)(v)	Repairs to CAT930 CAM 13541	Tricomm Africa	R 23 251.00	R 3 255.14	R 26 506.14	R 265.54
SC895/2010	SCM Req 36(1)(a)(v)	Repair Borehole dosing pump	Maxa Products	R 15 461.00	R 2 164.54	R 17 625.54	R 148.40
SC897/2010	SCM Req 36(1)(b)	Repair Borehole dosing control system	S.A. Post Office	R 18 551.23	R 2 597.17	R 21 148.40	R 148.40
SC899/2010	SCM Req 36(1)(a)(ii)	Purchase of envelopes	S.A. Post Office	R 19 965.35	R 2 795.15	R 22 760.50	R 351.94
SC901/2010	SCM Req 36(1)(a)(ii)	Purchases of envelopes	Spectrum Communications	R 15 221.00	R 2 130.94	R 16 351.94	R 351.94
SC902/2010	SCM Req 36(1)(a)(ii)	Repairs to telemetry system	Benilektor Communications	R 31 670.00	R 4 433.30	R 36 103.30	R 303.30
SC903/2010	SCM Req 36(1)(a)(ii)	Repairs to telemetry system	Maxa Projects SA	R 16 339.00	R 2 567.46	R 20 906.46	R 2096.46
SC904/2010	SCM Req 36(1)(a)(ii)	Borehole dosing control display	High Angle Rescue & Access	R 16 500.00	R 12 324.90	R 100 359.90	R 18 810.00
SC907/2010	SCM Req 36(1)(a)(v)	High Angle Level 2 Rope rescue training	Carp civils cc	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC920/2010	SCM Req 36(1)(a)(v)	Repair water Pipeline Haantrikloof	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC921/2010	SCM Req 36(1)(a)(v)	Purchase of speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC922a/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC922b/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC923/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC924/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC925/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC926/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC927/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC928/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC929/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC930/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC931/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC932/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC933/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC934/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC935/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC936/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC937/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC938/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC939/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC940/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC941/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC942/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC943/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC944/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC945/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC946/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC947/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC948/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC949/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC950/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC951/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC952/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC953/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC954/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC955/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC956/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC957/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC958/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC959/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC960/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC961/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC962/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC963/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC964/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC965/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC966/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC967/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC968/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC969/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC970/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC971/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC972/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC973/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC974/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC975/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC976/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC977/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC978/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC979/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC980/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC981/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC982/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC983/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC984/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC985/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC986/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC987/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC988/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R 369.12
SC989/2010	SCM Req 36(1)(a)(v)	SABS Wearing Course Speedbumps	Much Asphalt	R 3 481.68	R 487.44	R 3 969.12	R

## Supply Chain Management Policy

### Deviations from the Policy: 2010/2011

Reference No	Deviations	Description	Amount Capital Operational	Amount Capital Operational	Value of the Deviation
SC1001/2010	SCM Req 36(1)(a)(v)	Cash in transit services	R 38 924.64	R 5 333.45	R 45 068.09
SC1010/2010	SCM Req 36(1)(a)(v)	Scal & Groundwater Contamination Assessment	R 17 600.00	R 2 464.00	R 20 064.00
SC1025/2010	SCM Req 36(1)(a)(v)	Maintenance & Upgrading of Skyways Mark III mast on Ollifantsberg	R 204 399.00	R 28 615.86	R 233 014.86
SC1026/2010	SCM Req 36(1)(a)(v)	Repairs to Radio Communication Systems	R 20 455.26	R 3 073.74	R 23 537.00
SC1028/2010	SCM Req 36(1)(a)(v)	Repairs to Safety & Health Hawston Mh-sub	R 20 559.00	R 2 878.36	R 23 437.26
SC1029/2010	SCM Req 36(1)(a)(v)	Initial Monitoring Systems: Groot Sub-station & Hawston Sub-station	R 174 454.00	R -	R 24 423.58
SC1030/2010	SCM Req 36(1)(a)(v)	Repair CEM 10226	R 18 060.00	R 2 510.95	R 20 446.32
SC1031/2010	SCM Req 36(1)(a)(v)	Test Kits for Laboratory analysis Waste Water Treatment Works Gansbaai	R 24 450.00	R 3 123.00	R 27 817.00
SC1033/2010	SCM Req 36(1)(a)(v)	CAT Meter reading training	R 15 400.00	R 2 156.00	R 16 556.00
SC1034/2011	SCM Req 36(1)(a)(v)	Repair Engine CEM 9717	R 166 551.48	R 23 317.21	R 189 868.69
SC1042/2011	SCM Req 36(1)(a)(v)	Transit of Money	R 20 422.34	R 2 359.13	R 23 281.47
SC1044/2011	SCM Req 36(1)(a)(v)	Service of breathing apparatus sets	R 15 051.90	R 1 207.27	R 16 259.17
SC1045/2011	SCM Req 36(1)(a)(v)	Repair Transmitter & Converter CEM 9879	R 31 235.66	R 4 372.59	R 35 608.65
SC1056/2011	SCM Req 36(1)(a)(v)	Water Audit & Energy Management	R 50 940.00	R 7 131.80	R 58 071.60
SC1058/2011	SCM Req 36(1)(a)(v)	Purchase of Abs Alum Lock & Keys Electrical Department	R 79 947.00	R 11 192.58	R 91 139.58
SC1060/2011	SCM Req 36(1)(a)(v)	Purchasing of Trigen Luv Lamps	R 27 849.00	R 3 698.72	R 31 746.72
SC1088/2011	SCM Req 36(1)(a)(v)	Installation of scanners in Main Building	R 15 293.00	R 2 141.02	R 17 434.02
SC1088/2011	SCM Req 36(1)(a)(v)	Installation of scanners at Traffic Department	R 32 777.28	R 4 582.32	R 37 359.60
SC1089/2011	SCM Req 36(1)(a)(v)	Referrals for elderly sports day Zeebelle	R 16 698.58	R 2 337.30	R 19 036.88
SC1090/2011	SCM Req 36(1)(a)(v)	Repairs to Oters Close Low Water Bridge Kleinmond	R 476 743.20	R 65 144.05	R 543 487.25
SC1091/2011	SCM Req 36(1)(a)(v)	Purchase M15 Handymen handheld device to capture infrastructure assets	R 196 880.00	R 34 934.90	R 231 814.90
SC1092/2011	SCM Req 36(1)(a)(v)	Subscription to Online Statutes Lexis Nexis	R 11 173.44	R 1 584.58	R 12 740.00
SCD28/07/2010	SCM Req 36(1)(a)(ii)	DLB Envelopes (postage included)	R 2 100.00	R 294.00	R 494.00
SCD30/07/2010	SCM Req 36(1)(a)(ii)	Repairs to industrial doors Gansbaai Firestation	R 4 600.00	R 644.00	R 5 244.00
SCD01/08/2010	SCM Req 36(1)(a)(ii)	Repairs Hydrant System CEM 110	R 580.00	R 81.20	R 661.20
SCD02/08/2010	SCM Req 36(1)(a)(ii)	FH7 TC 700 complete charter - Frazer R Fraser	R 2 929.56	R 1 299.14	R 10 578.70
SCD03/08/2010	SCM Req 36(1)(a)(ii)	Grounds Aloud Dosing and Disinfection	R 773.00	R 108.32	R 881.22
SCD04/08/2010	SCM Req 36(1)(a)(ii)	Estreux Systems (Beniekor)	R 3 392.88	R 475.00	R 3 867.88
SCD05/08/2010	SCM Req 36(1)(a)(ii)	Computer support specialists	R 1 762.00	R 246.88	R 2 008.68
SCD06/08/2010	SCM Req 36(1)(a)(ii)	Masibeneze Water Systems	R 10 235.82	R 1 433.17	R 11 670.09
SCD07/08/2010	SCM Req 36(1)(a)(ii)	Maxal Projects SA (Pty) Ltd	R 6 134.00	R 853.78	R 6 982.76
SCD08/08/2010	SCM Req 36(1)(a)(ii)	Transitech	R 2 933.04	R 410.93	R 3 343.97
SCD09/08/2010	SCM Req 36(1)(a)(ii)	Hermanus Mower Centre	R 8 283.27	R 395.28	R 8 678.55
SCD10/08/2010	SCM Req 36(1)(a)(ii)	URSUS SA	R 3 392.88	R 475.00	R 3 867.88
SCD11/08/2010	SCM Req 36(1)(a)(ii)	ONLAB Specialist	R 14 370.00	R 2 011.90	R 16 381.80
SCD12/08/2010	SCM Req 36(1)(a)(ii)	Hermanus Mower Centre	R 5 605.94	R 784.97	R 6 391.91
SCD13/08/2010	SCM Req 36(1)(a)(ii)	UPE Technologies	R 1 641.60	R 229.32	R 1 871.42
SCD14/08/2010	SCM Req 36(1)(a)(ii)	Fire Raiders Cape (Pty) Ltd	R 2 359.04	R 410.93	R 2 669.97
SCD15/08/2010	SCM Req 36(1)(a)(ii)	Clifford Technical	R 6 840.00	R 957.50	R 7 797.60
SCD16/08/2010	SCM Req 36(1)(a)(ii)	Fire Raiders Cape (Pty) Ltd	R 10 621.27	R 1 486.98	R 12 108.25
SCD17/08/2010	SCM Req 36(1)(a)(ii)	J Kuhn	R 7 500.00	R 356.00	R 7 856.00
SCD18/08/2010	SCM Req 36(1)(a)(ii)	SAA	R 331.80	R 70.05	R 371.85
SCD19/08/2010	SCM Req 36(1)(a)(ii)	ESPI SA	R 6 805.80	R 852.81	R 7 788.61
SCD20/08/2010	SCM Req 36(1)(a)(ii)	White Splash Media	R 3 700.00	R -	R 3 700.00
SCD21/08/2010	SCM Req 36(1)(a)(ii)	Test Flying Academy of SA (Pty) Ltd	R 908.00	R 908.00	R 1 816.00
SCD22/08/2010	SCM Req 36(1)(a)(ii)	Protrika	R 2 708.42	R 378.50	R 3 085.32
SCD23/08/2010	SCM Req 36(1)(a)(ii)	White Splash Media	R 6 800.00	R -	R 6 800.00
SCD24/08/2010	SCM Req 36(1)(a)(ii)	Flotron Instrumentation	R 5 265.00	R 356.00	R 5 924.10
SCD25/08/2010	SCM Req 36(1)(a)(ii)	Masibeneze Water Systems	R 5 050.34	R 707.05	R 5 757.39
SCD26/08/2010	SCM Req 36(1)(a)(ii)	Whale Splash Media	R 2 000.00	R -	R 2 000.00
SCD27/08/2010	SCM Req 36(1)(a)(ii)	Hermanus Mower Centre	R 6 552.72	R 911.38	R 7 470.10
SCD28/08/2010	SCM Req 36(1)(a)(ii)	Beniekor Communications	R 6 500.00	R 14 403.95	R 16 450.50
SCD29/08/2010	SCM Req 36(1)(a)(ii)	Vaa Cape Transmissions	R 1 403.95	R 2 016.55	R 3 420.50
SCD30/08/2010	SCM Req 36(1)(a)(ii)	Wally's Panel Beaters	R 1 200.00	R 168.00	R 1 368.00
SCD31/08/2010	SCM Req 36(1)(a)(ii)	Flockton Instrumentation	R 2 850.00	R 399.50	R 3 249.50
SCD32/08/2010	SCM Req 36(1)(a)(ii)	GW Trailman	R 7 296.00	R 1 021.44	R 8 317.44
SCD33/08/2010	SCM Req 36(1)(a)(ii)	Beniekor Communications	R 946.20	R 134.47	R 1 078.67
SCD34/08/2010	SCM Req 36(1)(a)(ii)	SAA	R 2 670.00	R 372.80	R 3 043.80
SCD35/08/2010	SCM Req 36(1)(a)(ii)	Nasua Breedvalley	R 5 834.72	R 816.86	R 6 651.58
SCD36/08/2010	SCM Req 36(1)(a)(ii)	Hermanus Mower Centre	R 1 575.80	R 226.81	R 1 798.61
SCD37/08/2010	SCM Req 36(1)(a)(ii)	Flockton Instrumentation	R 6 925.50	R 963.37	R 7 895.07
SCD38/08/2010	SCM Req 36(1)(a)(ii)	Infraset	R 11 902.10	R 1 682.29	R 13 568.39
SCD39/08/2010	SCM Req 36(1)(a)(ii)	JF Elektries	R 908.00	R 70.00	R 908.00
SCD40/08/2010	SCM Req 36(1)(a)(ii)	Maxal Projects SA (Pty) Ltd	R 14 856.48	R 2 075.91	R 16 936.39
SCD41/08/2010	SCM Req 36(1)(a)(ii)	Humidity Control CC	R 547.20	R 76.65	R 623.85
SCD42/08/2010	SCM Req 36(1)(a)(ii)	Consolidated African Technologies (Pty) Ltd	R 4 560.00	R 634.40	R 5 188.40
SCD43/08/2010	SCM Req 36(1)(a)(ii)	RCG Controls CC	R 1 419.30	R 198.70	R 1 618.00
SCD44/08/2010	SCM Req 36(1)(a)(ii)	Bytes Technology Group	R 6 999.00	R 975.94	R 7 979.54

## Supply Chain Management Policy

### Deviations from the Policy - 20/07/2011

Reference	Deviations	Description	Awarded to	Amount Capital	Amount Operational	VAT @ 14%	Value of the Deviation
SCD203/4/2010	SCM Reg 36(1)(a)(v)	Advertisement Cost- Cap & Live Annual Guide	SAACCT Marketing	R 4 000.00	R 5610.00	R 4 560.00	
SCD203/4/2011	SCM Reg 36(1)(a)(v)	Repair Digital Camera	R 750.00	R 750.00	R 750.00	R 105.00	R 450.00
SCD203/5/2011	SCM Reg 36(1)(a)(v)	Repair CAT Meter Reading Equipment	R 3 450.06	R 483.43	R 3 450.06	R 516.98	R 3 366.49
SCD203/6/2011	SCM Reg 36(1)(a)(v)	Repair CAT Meter Reading Equipment	R 812.20	R 812.20	R 812.20	R 113.08	R 613.66
SCD203/7/2011	SCM Reg 36(1)(a)(v)	Repair of Radio Telecommunication Equipment	R 3 299.16	R 468.86	R 3 299.16	R 468.86	R 3 761.04
SCD203/8/2010	SCM Reg 36(1)(a)(v)	Repairs to Fire Fighting Gear	R 1 402.20	R 196.31	R 1 402.20	R 205.02	R 1 598.51
SCD203/9/2011	SCM Reg 36(1)(a)(v)	Repairs to Leaking Roof	R 850.00	R 119.00	R 850.00	R 119.00	R 969.00
SCD204/0/2011	SCM Reg 36(1)(a)(v)	Repair of Borehole Dosing Equipment	R 7 646.35	R 1 070.52	R 7 646.35	R 1 070.52	R 8 717.00
SCD204/1/2011	SCM Reg 36(1)(a)(v)	Counter charges for E-Nails Forms	R 552.22	R 77.31	R 552.22	R 77.31	R 629.53
SCD204/2/2011	SCM Reg 36(1)(a)(v)	Repairs to Sthi Brushcutter	R 3 181.27	R 445.88	R 3 181.27	R 445.88	R 626.65
SCD204/3/2011	SCM Reg 36(1)(a)(v)	Install High Voltage Safety Equipment	R 2 736.00	R 383.44	R 2 736.00	R 383.44	R 3 119.04
SCD204/4/2011	SCM Reg 36(1)(a)(v)	Repairs to Diesel Pump of Electricity Generator	R 1 850.00	R 259.00	R 1 850.00	R 259.00	R 2 109.00
SCD204/5/2011	SCM Reg 36(1)(a)(v)	Repairs to Diesel Leader- CEM 242/11	R 9 686.25	R 1 356.08	R 9 686.25	R 1 356.08	R 10 042.33
SCD204/6/2011	SCM Reg 36(1)(a)(v)	Repairs to Chlorinator- Public Pool- Mount Pleasant	R 13 460.97	R 1 982.39	R 13 460.97	R 1 982.39	R 15 349.35
SCD204/7/2011	SCM Reg 36(1)(a)(v)	Repairs to Chiller- Radio-Telecommunications Equipment	R 5 729.07	R 802.07	R 5 729.07	R 802.07	R 6 531.14
SCD204/8/2011	SCM Reg 36(1)(a)(v)	Repairs to Diesel Pump of Electricity Generator	R 14 250.00	R 1 985.00	R 14 250.00	R 1 985.00	R 16 245.00
SCD204/9/2011	SCM Reg 36(1)(a)(v)	Repairs to Diesel Leader- CEM 242/11	R 3 893.67	R 545.51	R 3 893.67	R 545.51	R 4 439.76
SCD204/10/2011	SCM Reg 36(1)(a)(v)	Repairs to Diesel Pump of Electricity Generator	R 3 500.00	R 490.00	R 3 500.00	R 490.00	R 3 980.00
SCD204/11/2011	SCM Reg 36(1)(a)(v)	Front Page Image	R 8 638.05	R 1 208.33	R 8 638.05	R 1 208.33	R 8 847.38
SCD204/12/2011	SCM Reg 36(1)(a)(v)	SA Post Office	R 9 557.00	R 557.00	R 9 557.00	R 557.00	R 4 522.33
SCD204/13/2011	SCM Reg 36(1)(a)(v)	Supervision Biomatic Systems	R 10 089.00	R 1 412.46	R 10 089.00	R 1 412.46	R 11 501.46
SCD204/14/2011	SCM Reg 36(1)(a)(v)	Ivory Multimedia Production CC	R 12 745.20	R 1 784.33	R 12 745.20	R 1 784.33	R 14 529.53
SCD204/15/2011	SCM Reg 36(1)(a)(v)	Broom Engineering CC	R 644.10	R 90.17	R 644.10	R 90.17	R 734.27
SCD204/16/2011	SCM Reg 36(1)(a)(v)	Bonnie Office Machines (Pty) Ltd	R 1 594.00	R 223.16	R 1 594.00	R 223.16	R 1 817.16
SCD204/17/2011	SCM Reg 36(1)(a)(v)	Bonnie Mower Centre	R 746.70	R 104.54	R 746.70	R 104.54	R 851.24
SCD204/18/2011	SCM Reg 36(1)(a)(v)	Drager Sa (Pty) Ltd	R 9 677.96	R 1 349.38	R 9 677.96	R 1 349.38	R 10 098.34
SCD204/19/2011	SCM Reg 36(1)(a)(v)	PayDay Software (Pty) Ltd	R 3 190.00	R 446.80	R 3 190.00	R 446.80	R 3 636.80
SCD204/20/2011	SCM Reg 36(1)(a)(v)	Misty Waves Hotel	R 7 656.00	R 1 071.84	R 7 656.00	R 1 071.84	R 8 727.84
SCD204/21/2011	SCM Reg 36(1)(a)(v)	Brian's Boat Shop	R 5 455.00	R 763.30	R 5 455.00	R 763.30	R 6 218.70
SCD204/22/2011	SCM Reg 36(1)(a)(v)	Wild Cat Marine	R 3 700.00	R 3 700.00	R 3 700.00	R 3 700.00	R 3 700.00
SCD204/23/2011	SCM Reg 36(1)(a)(v)	Whale Talk	R 4 513.17	R 631.84	R 4 513.17	R 631.84	R 5 145.01
SCD204/24/2011	SCM Reg 36(1)(a)(v)	Bonfire	R 1 207.26	R 169.22	R 1 207.26	R 169.22	R 1 376.28
SCD204/25/2011	SCM Reg 36(1)(a)(v)	TAIA Hermanus	R 5 528.43	R 773.98	R 5 528.43	R 773.98	R 6 302.41
SCD204/26/2011	SCM Reg 36(1)(a)(v)	Draker SA (Pty) Ltd	R 10 280.00	R 1 436.40	R 10 280.00	R 1 436.40	R 11 666.40
SCD204/27/2011	SCM Reg 36(1)(a)(v)	Strong Message Consultants	R 1 824.00	R 255.36	R 1 824.00	R 255.36	R 2 079.36
SCD204/28/2011	SCM Reg 36(1)(a)(v)	Omnilogic Solutions (Pty) Ltd	R 2 371.20	R 331.97	R 2 371.20	R 331.97	R 2 703.17
SCD204/29/2011	SCM Reg 36(1)(a)(v)	Softline (Pty) Ltd	R 1 308.92	R 182.97	R 1 308.92	R 182.97	R 14 250.62
SCD204/30/2011	SCM Reg 36(1)(a)(v)	Quality Filtration Systems CC	R 8 855.00	R 1 747.82	R 8 855.00	R 1 747.82	R 9 794.82
SCD204/31/2011	SCM Reg 36(1)(a)(v)	M&A Industrial Doors CC	R 2 850.00	R 399.00	R 2 850.00	R 399.00	R 3 249.00
SCD204/32/2011	SCM Reg 36(1)(a)(v)	De Rock Breakdown Services	R 1 431.14	R 340.36	R 1 431.14	R 340.36	R 2 771.50
SCD204/33/2011	SCM Reg 36(1)(a)(v)	Alldos (Pty) Ltd	R 5 000.00	R 700.00	R 5 000.00	R 700.00	R 5 700.00
SCD204/34/2011	SCM Reg 36(1)(a)(v)	Levendal Accounting	R 3 197.70	R 447.58	R 3 197.70	R 447.58	R 3 645.30
SCD204/35/2011	SCM Reg 36(1)(a)(v)	Syntell (Pty) Ltd	R 6 858.24	R 961.15	R 6 858.24	R 961.15	R 7 818.39
SCD204/36/2011	SCM Reg 36(1)(a)(v)	Whale Coast FM	R 5 240.00	R 81.97	R 5 240.00	R 81.97	R 5 311.98
SCD204/37/2011	SCM Reg 36(1)(a)(v)	Clifford Industrial Services	R 8 664.00	R 119.70	R 8 664.00	R 119.70	R 9 744.70
SCD204/38/2011	SCM Reg 36(1)(a)(v)	Imusa Training Via Ribbon Manila	R 5 315.25	R 744.13	R 5 315.25	R 744.13	R 6 059.39
SCD204/39/2011	SCM Reg 36(1)(a)(v)	Rotin African Industries CC	R 11 526.64	R 1 613.73	R 11 526.64	R 1 613.73	R 13 140.37
SCD204/40/2011	SCM Reg 36(1)(a)(v)	Cadjan Cape Town CC	R 3 122.72	R 437.18	R 3 122.72	R 437.18	R 3 558.90
SCD204/41/2011	SCM Reg 36(1)(a)(v)	Hermanus Mower Centre	R 689.70	R 96.56	R 689.70	R 96.56	R 786.26
SCD204/42/2011	SCM Reg 36(1)(a)(v)	Computer Support Services (Pty) Ltd	R 1 036.92	R 182.97	R 1 036.92	R 182.97	R 1 489.89
SCD204/43/2011	SCM Reg 36(1)(a)(v)	PayDay Software Systems (Pty) Ltd	R 7 400.00	R 1 036.30	R 7 400.00	R 1 036.30	R 8 436.00
SCD204/44/2011	SCM Reg 36(1)(a)(v)	Cape Office machines (Pty) Ltd	R 627.00	R 87.78	R 627.00	R 87.78	R 714.78
SCD204/45/2011	SCM Reg 36(1)(a)(v)	Cadjan Cape Town CC	R 1 208.64	R 1 286.33	R 1 208.64	R 1 286.33	R 5 955.57
SCD204/46/2011	SCM Reg 36(1)(a)(v)	Friends of the Old Harbour Museum	R 4 320.00	R 0.00	R 4 320.00	R 0.00	R 4 320.00
SCD204/47/2011	SCM Reg 36(1)(a)(v)	Hycro Hydraulics	R 14 643.02	R 2 050.02	R 14 643.02	R 2 050.02	R 16 693.04
SCD204/48/2011	SCM Reg 36(1)(a)(v)	Trivello mafuacturers- African Communications (Pty) Ltd	R 8 628.43	R 1 207.98	R 8 628.43	R 1 207.98	R 9 838.41
SCD204/49/2011	SCM Reg 36(1)(a)(v)	University Stellenbosch- African Centre for HIV Management	R 6 000.00	R 0.00	R 6 000.00	R 0.00	R 6 000.00
SCD204/50/2011	SCM Reg 36(1)(a)(v)	Overberg Diesel	R 4 695.00	R 657.30	R 4 695.00	R 657.30	R 5 352.30
SCD204/51/2011	SCM Reg 36(1)(a)(v)	Drager SA (Pty) Ltd	R 3 689.90	R 516.59	R 3 689.90	R 516.59	R 4 206.49
SCD204/52/2011	SCM Reg 36(1)(a)(v)	Business Communications CC	R 6 131.58	R 858.42	R 6 131.58	R 858.42	R 6 980.00
SCD204/53/2011	SCM Reg 36(1)(a)(v)	Friends of the Old Harbour Museum	R 4 320.00	R 0.00	R 4 320.00	R 0.00	R 4 320.00
SCD204/54/2011	SCM Reg 36(1)(a)(v)	Lease of Fleemarket Stalls	R 1 498.57	R 1 498.57	R 1 498.57	R 1 498.57	R 12 202.66
SCD204/55/2011	SCM Reg 36(1)(a)(v)	Repair of Hydraulic Vehicles: Hydraulic faults	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/56/2011	SCM Reg 36(1)(a)(v)	Placement & Review of Advertisement	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/57/2011	SCM Reg 36(1)(a)(v)	Marketing Advertisement in the Star Guide	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/58/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed Measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/59/2011	SCM Reg 36(1)(a)(v)	Educational Services	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/60/2011	SCM Reg 36(1)(a)(v)	Repair of Sewage Pumper: CEM 11-1880	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/61/2011	SCM Reg 36(1)(a)(v)	Repair of Self-contained Breathing Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/62/2011	SCM Reg 36(1)(a)(v)	Supply & Delivery of CC-IV Service	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/63/2011	SCM Reg 36(1)(a)(v)	Repair of Computer Printer	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/64/2011	SCM Reg 36(1)(a)(v)	Repair of Computer Printer- Fax Module	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/65/2011	SCM Reg 36(1)(a)(v)	Repair of Lawnmowers	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/66/2011	SCM Reg 36(1)(a)(v)	Repair of Radio- Communication Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/67/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed Measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/68/2011	SCM Reg 36(1)(a)(v)	Educational Services	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/69/2011	SCM Reg 36(1)(a)(v)	Overberg Diesel	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/70/2011	SCM Reg 36(1)(a)(v)	Drager SA (Pty) Ltd	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/71/2011	SCM Reg 36(1)(a)(v)	Business Communications CC	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/72/2011	SCM Reg 36(1)(a)(v)	Friends of the Old Harbour Museum	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/73/2011	SCM Reg 36(1)(a)(v)	Hycro Hydraulics	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/74/2011	SCM Reg 36(1)(a)(v)	Avanda Mbanga Communications	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/75/2011	SCM Reg 36(1)(a)(v)	Mola Media	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/76/2011	SCM Reg 36(1)(a)(v)	Truvello Manufacturers (Pty) Ltd	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/77/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/78/2011	SCM Reg 36(1)(a)(v)	Marketing Advertisement in the Star Guide	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/79/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/80/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/81/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/82/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/83/2011	SCM Reg 36(1)(a)(v)	Calibration of Speed measurement Equipment	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98	R 1 207.98
SCD204/84/2011							

## Supply Chain Management Policy

Deviations from the Policy 2010/2011						
Reference #	Deviations	Description	Awared to	Amount Capital Operational	VAT @ 14%	Value of Capital Deviation
SCD2110/2011	SCM Reg 36(1)(a)(v)	Repair of Firetruck: CEM 2859	Tata-Hermanus	R 1,376.78	R 192.75	R 1,569.53
SCD2111/2011	SCM Reg 36(1)(a)(v)	Repair of Dosing Pump	Maxx Projects (Pty) Ltd	R 13,035.64	R 1,824.98	R 14,860.63
SCD2112/2011	SCM Reg 36(1)(a)(v)	Repair of Radio Communication Equipment	Bentlektor Communications CC	R 2,093.32	R 293.34	R 2,386.66
SCD2113/2011	SCM Reg 36(1)(a)(v)	Relocation of Office Machine	Cape Office Machines (Pty) Ltd	R 3,800.00	R 0.00	R 3,800.00
SCD2114/2011	SCM Reg 36(1)(a)(v)	Repair & Maintenance of "Time & Attendance" Scanners	Supervision Biometric Systems	R 890.34	R 124.65	R 1,014.99
SCD2115/2011	SCM Reg 36(1)(a)(v)	Service & Inspection of Peatly Beach Filtration Works	Quality Filtration Systems CC	R 3,031.26	R 424.58	R 3,455.64
SCD2116/2011	SCM Reg 36(1)(a)(v)	Repair of Bushcutter	Hermanus Mower Centre	R 1,085.28	R 148.72	R 1,233.99
SCD2117/2011	SCM Reg 36(1)(a)(v)	Service of Dingerdeeler	Barrowford Equipment	R 5,714.95	R 800.09	R 6,515.04
SCD2118/2011	SCM Reg 36(1)(a)(v)	Repair of Colour Printer	Compusup.com	R 780.90	R 108.33	R 889.23
SCD2119/2011	SCM Reg 36(1)(a)(v)	Service of Tractor: CEM 19287	Urtus SA (Pty) Ltd	R 13,338.44	R 1,861.38	R 15,200.82
SCD2120/2011	SCM Reg 36(1)(a)(v)	Maintenance & Repair of Dosing Equipment	Maxx Projects (Pty) Ltd	R 11,011.26	R 1,541.58	R 12,552.84
SCD2121/2011	SCM Reg 36(1)(a)(v)	Publication of Marketing Advertisement	Whale Talk	R 3,000.00	R 0.00	R 3,000.00
SCD2122/2011	SCM Reg 36(1)(a)(v)	Maintenance & Repair of Self-Contained Breathing Equipment	Drader DSA (Pty) Ltd	R 803.70	R 112.12	R 916.22
SCD2123/2011	SCM Reg 36(1)(a)(v)	Repairs on Refuse Compactor Truck: CEM 11377	Transitech	R 3,952.60	R 553.36	R 4,505.96
SCD2124/2011	SCM Reg 36(1)(a)(v)	Repair of Municipal Vehicle: CEM 16792	Silver Rock Projects CC	R 29,020.36	R 4,062.85	R 33,083.21
SCD2125/2011	SCM Reg 36(1)(a)(v)	Renewal of Software Operations License: PMAXX	PJ Technologies	R 12,227.00	R 1,711.78	R 13,938.78
SCD2126/2011	SCM Reg 36(1)(a)(v)	Repair of Radio Communications Equipment	Bentlektor Communications	R 1,216.00	R 170.52	R 1,386.52
SCD2127/2011	SCM Reg 36(1)(a)(v)	Repair of Electrical Distribution Board at the Dosing Station	Hydro-Tech Systems (Pty) Ltd	R 282.00	R 39.84	R 301.80
SCD2128/2011	SCM Reg 36(1)(a)(v)	Maintenance Service of Universia Power Supply	AC Digital Energy	R 3,335.00	R 466.90	R 3,801.90
SCD2129/2011	SCM Reg 36(1)(a)(v)	Procurement of Ammunition for Cable Testing Equipment	Emble Marketing (Pty) Ltd	R 5,665.00	R 791.10	R 6,456.10
SCD2130/2011	SCM Reg 36(1)(a)(v)	Veterinary Services for Fennicot Kipsprinier	Hermanus Animal Hospital	R 1419.65	R 198.75	R 1,618.40
SCD2131/2011	SCM Reg 36(1)(a)(v)	Repair of Damaged Gutter: MFCC	Overberg ReoRix	R 855.26	R 119.74	R 975.00
SCD2132/2011	SCM Reg 36(1)(a)(v)	Repair of Transformer Cable: Farvand Sub, 6th St, Voskuil	Adeno Construction (Pty) Ltd	R 1,410.00	R 191.40	R 1,601.40
SCD2133/2011	SCM Reg 36(1)(a)(v)	Use of Local Radio Station for Public Participation & Marketing	Whale Coast FM	R 7,250.00	R 981.82	R 8,231.80
SCD2134/2011	SCM Reg 36(1)(a)(v)	Relocation and Installation of Radio Communication Equipment	Bentlektor Communications CC	R 7,013.00	R 980.00	R 7,994.82
SCD2135/2011	SCM Reg 36(1)(a)(v)	Use of SA Conference Planner as Marketing Media	SS Media CC	R 7,000.00	R 980.00	R 7,980.00
SCD2136/2011	SCM Reg 36(1)(a)(v)	Subscription to Online Statutes	Lexis Nexis	R 33,333.33	R -	R 34,924.90
SCD2137/2011	SCM Reg 36(1)(a)(v)	Procurement of Mobile Septic Tanks	Power Measurement and Distribution	R 7,700.00	R 1,076.00	R 8,776.00
SCD2138/2011	SCM Reg 36(1)(a)(v)	Procurement of Electricity Meter Seats	Maxx Projects SA (Pty) Ltd	R 177,582.80	R 24,862.98	R 202,455.79
SCD2139/2011	SCM Reg 36(1)(a)(v)	Acquisition of Spare H Probe and repair to borehole equipment	Liberity Lane Trading 187 (Pty) Ltd	R 159,839.30	R 22,239.46	R 181,092.76
SCD2140/2011	SCM Reg 36(1)(a)(v)	Lease of Office Space: PSG Building, c/o Lourens Die Uys & Magnolia	IMC Trading (Pty) Ltd	R 230,640.00	R 32,288.60	R 262,929.60
SCD2141/2011	SCM Reg 36(1)(a)(v)	Lease of Office Space: NO House, & Lourens Die Uys	Arveson 100 (Pty) Ltd	R 173,396.67	R -	R 24,215.53
SCD2142/2011	SCM Reg 36(1)(a)(v)	Lease of Office Space: 3 Myrtle Street	Bytes Systems Integration (Pty) Ltd	R 1,770.00	R 247.80	R 2,017.80
SCD2143/2011	SCM Reg 36(1)(a)(v)	Acquisition of SAMRASPL Executive Portal Software	Maxx Projects SA (Pty) Ltd	R 5,495.50	R 759.67	R 6,255.07
SCD2144/2011	SCM Reg 36(1)(a)(v)	Provision of Training & Calibration of Borehole Equipment	Symtel	R 25,980.00	R 3,637.20	R 29,617.20
SCD2145/2011	SCM Reg 36(1)(a)(v)	Relocation and Installation of Repeater Tower: Rotary Way	Bentlektor Communications CC	R 17,488.00	R 2,478.32	R 20,966.32
SCD2146/2011	SCM Reg 36(1)(a)(v)	Testing of Bulk Electricity Meters	PJ Technologies (Cape) CC	R 34,156.00	R 4,781.84	R 38,937.84
SCD2147/2011	SCM Reg 36(1)(a)(v)	Repair of Motorcycles & Chainaws	Hermanus Mower Centre	R 8,141.16	R 1,139.76	R 9,280.92
SCD2148/2011	SCM Reg 36(1)(a)(v)	Acquisition of Badges for Fire Fighters	The Badge Company	R 4,890.00	R 676.20	R 5,566.20
SCD2149/2011	SCM Reg 36(1)(a)(v)	Repair & Maintenance of Self-Contained Breathing Equipment	MWS Africa (Pty) Ltd	R 17,468.43	R 2,445.59	R 19,914.07
SCD2150/2011	SCM Reg 36(1)(a)(v)	Relocation and Installation of Repeater Tower: Tower, Rotary Way	Tower 13 Lifesaving Services CC	R 45,634.82	R 6,338.87	R 52,233.69
SCD2151/2011	SCM Reg 36(1)(a)(v)	Acquisition of Enermax Electricity Meters	Strike Technologies (Pty) Ltd	R 150,000.00	R 21,000.00	R 171,000.00
SCD2152/2011	SCM Reg 36(1)(a)(v)	Acquisition of Microtron Software	ESRI SA (Pty) Ltd	R 453,558.37	R 63,538.37	R 517,096.74
SCD2153/2011	SCM Reg 36(1)(a)(v)	Repair of Overheating Cylinder head: CEM 22014	First Technology (Pty) Ltd	R 50,000.00	R 7,000.00	R 57,000.00
SCD2154/2011	SCM Reg 36(1)(a)(v)	Provision of Professional Town Planning Services for the Sandbaai Meen	Hermanus Mower Centre	R 2,061.14	R 289.56	R 2,349.70
SCD2155/2011	SCM Reg 36(1)(a)(v)	Repaint Antenna of Two-Way Radio: Steven Drury	R 142,251.41	R 19,915.20	R 162,166.61	
SCD2156/2011	SCM Reg 36(1)(a)(v)	Provision of Lifesaving Services- April 2011	R 535.00	R 80.90	R 609.90	
SCD2157/2011	SCM Reg 36(1)(a)(v)	Replace car horn/Cinch incant- damage due to running- chrome roosting	CSS Tuisano Computer Systems (Pty) Ltd	R 10,583.16	R 1,481.64	R 12,064.80
SCD2158/2011	SCM Reg 36(1)(a)(v)	Changes to the SAMRAS FMS: Inclusion of Consumption Graphs on Monthly Statements	Bytes System Integration	R 12,800.00	R 1,792.00	R 14,592.00
SCD2159/2011	SCM Reg 36(1)(a)(v)	Extension to the Image-linked GIS Property System	Master Class Trading 214 CC	R 34,000.00	R 4,800.00	R 34,800.00
SCD2160/2011	SCM Reg 36(1)(a)(v)	Repair of Road Cutter- Slini TS400	Hermanus Mower Centre	R 20,700.00	R -	R 20,700.00
SCD2161/2011	SCM Reg 36(1)(a)(v)	Provision of Code 14EC Drivers License Training- Only two service providers found to quote	Pro Driving School	R 15,000.00	R -	R 15,000.00
SCD2162/2011	SCM Reg 36(1)(a)(v)	Relocation of Office Machine at Betty's Bay Office	Argo Landini	R 612.09	R 85.69	R 697.78
SCD2163/2011	SCM Reg 36(1)(a)(v)	Motivational and Attitude Workshop for Officials in Protection Services Department	WECTAC Leadership Academy	R 20,000.00	R 2,800.00	R 22,800.00
SCD2164/2011	SCM Reg 36(1)(a)(v)	Acquisition of Fire Arms for Protection Services: No responses received on formal invitation for quotation	Master Class Trading 214 CC	R 1,115.00	R 156.10	R 1,271.10
SCD2165/2011	SCM Reg 36(1)(a)(v)	Catering Services for Inauguration of Mayor	Penny Foods	R 585.00	R 81.90	R 666.90
SCD2166/2011	SCM Reg 36(1)(a)(v)	Provision of Code 14EC Drivers License Training- Only two service providers found to quote	Pro Driving School	R 14,548.00	R 2,036.72	R 16,584.72
SCD2167/2011	SCM Reg 36(1)(a)(v)	Mandation 50 Hour Service for Tractor: CEM 10843 by Agent	R 565.00	R 79.10	R 644.10	
SCD2168/2011	SCM Reg 36(1)(a)(v)	Repair radio and microphone: Cabon of two-way radio: CEM 9865: P de Villiers	Bentlektor Communications CC	R 2,014.00	R 281.96	R 2,295.96
SCD2169/2011	SCM Reg 36(1)(a)(v)	Acquisition of Fire Arms for Protection Services: No responses received on formal invitation for quotation	Bentlektor Communications	R 1,115.00	R 156.10	R 1,271.10
SCD2170/2011	SCM Reg 36(1)(a)(v)	Catering Services for Inauguration of Mayor	Bentlektor Communications	R 585.00	R 81.90	R 666.90
SCD2171/2011	SCM Reg 36(1)(a)(v)	Provision of Code 14EC Drivers License Training- Only two service providers found to quote	Bentlektor Communications	R 1,610.50	R 233.47	R 1,863.97
SCD2172/2011	SCM Reg 36(1)(a)(v)	Acquisition of Transfer USQL Gateway License: Sole Supplier of Data Interface between SAMRAS DBR and CFO Portal Module	Bytes System Integration	R 27,287.84	R 3,820.30	R 31,108.14
SCD2173/2011	SCM Reg 36(1)(a)(v)	Repair of Bushcutters & Chainstaws for the Palmiet Caravan Park	Hermanus Mower Centre	R 3,326.90	R 468.09	R 3,794.95

## Supply Chain Management Policy

### Deviations from the Policy: 2010/2011

Reference #	Deviations	Description	Awarded to	Amount Capital Operational	Amount Operational	Value of the Deviations
SCD2178/2011	SCM Reg 36(1)(a)(v)	Repair of Vehicle Testing Station Equipment by the supplier of the equipment	Clifford Technical Services	R 2 260.00	R 2 260.00	R 2 576.40
SCD2180/2011	SCM Reg 36(1)(a)(v)	Rental of Print Printers: Current lease contracts expired on 31.05.2011	Cape Office Machines (Pty) Ltd	R 8 059.64	R 1 152.55	R 9 222.18
SCD2181/2011	SCM Reg 36(1)(a)(v)	Pavement of rental and copy cost for copiers: Lease contracts expired in December 2010	Nashua	R 4 038.81	R 565.15	R 4 601.96
SCD2182/2011	SCM Reg 36(1)(a)(v)	Provision of (C1) and Network Support Services for a period not longer than 30 June 2012	Lateral Dynamics (Pty) Ltd	R 356 340.40	R 49 887.66	R 406 228.06
SCD2183/2011	SCM Reg 36(1)(a)(v)	Acquisition of Uniforms and Accessories as well as deviating from the standard operating procedure by not obtaining an official order before procuring goods	FG Uniforms	R 2 364.90	R 331.09	R 2 695.99
SCD2184/2011	SCM Reg 35(1)(a)(v)	Provision of Services in respect of Heritage Survey meeting held on 20.05.2011	Nicolas Baumann	R 8 000.00	R 1 120.00	R 9 120.00
SCD2185/2011	SCM Reg 36(1)(a)(v)	Provision of Electricity Power Quality Monitoring Equipment and Services	CT Labs (Pty) Ltd	R 105 000.00	R 14 700.00	R 119 700.00
SCD2186/2011	SCM Reg 36(1)(a)(v)	Provision of Outside Broadcast facilities for the Mayoral Football Tournament	Whale Coast FM	R 5 000.00	R 600.00	R 5 600.00
SCD2187/2011	SCM Reg 36(1)(a)(v)	Repair of Scanner for the Archive Services	Nashua	R 34.00	R 34.00	R 684.00
SCD2188/2011	SCM Reg 36(1)(a)(v)	Cost of Copies for machines outside of lease agreement for Streets & Stormwater Department, Hermanus and Electricity Department, Onrus	Nashua	R 1 049.16	R 146.88	R 1 196.04
SCD2189/2011	SCM Reg 36(1)(a)(v)	Provision of Catering Services for the induction workshop of councillors	First Food	R 4 200.00	R 2 170.00	R 4 200.00
SCD2190/2011	SCM Reg 36(1)(a)(v)	Provision of Catering Services for the induction workshop of councillors	Armbu-Med	R 14 380.00	R -	R 21 700.00
SCD2191/2011	SCM Reg 36(1)(a)(v)	Provision of Para-Medical services at the Mayoral Soccer Tournament for 2011	Lateral Dynamics (Pty) Ltd	R 2 013.20	R 16 393.20	R 18 406.40
SCD2192/2011	SCM Reg 36(1)(a)(v)	Acquisition of Sunscor's SCL Interface with maintenance agreement for 12 months	Lateral Dynamics (Pty) Ltd	R 20 058.00	R 2 812.32	R 22 870.32
SCD2193/2011	SCM Reg 36(1)(a)(v)	Annual renewal of Syncsoft Back-up License: Maintenance & Support of Back-ups	Lateral Dynamics (Pty) Ltd	R 149 440.00	R -	R 170 361.60
SCD2194/2011	SCM Reg 36(1)(a)(v)	Acquisition of Cisco Switches	Cape Office Machines (Pty) Ltd	R 565.00	R 79.10	R 644.10
SCD2195/2012	SCM Reg 36(1)(a)(v)	Re-location of office machine after reorganization of Kleinmond Finance office	Ignite Advisory Services (Pty) Ltd	R 59 144.00	R 8 286.16	R 67 424.16
SCD2196/2012	SCM Reg 36(1)(a)(v)	Provision of SDBP Services for the Development of Top Level and Departmental SDBP's for the 2011/2012 financial year	R 2 564 583.15	R 6 936 664.83	R 1 311 361.62	R 10 812 609.49

Schedule of external loans as at 30 June 2011

Balance at Wednesday, June 30, 2010	Received during the period	Redeemed written off during the period	Balance at Thursday, June 30, 2011	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Rand	Rand	Rand	Rand	Rand	Rand
38,808,676	-	1,318,944	37,489,732		
40,788,135	-	1,346,535	39,441,600		
68,960,357	-	2,393,670	66,566,687		
3,140,974	-	314,097	2,826,877		
2,736,147	-	273,615	2,462,532		
2,737,814	-	260,744	2,477,070		
756,231	-	74,195	682,036		
15,239,674	-	709,339	14,530,335		
	60,000,000	-	60,000,000		
	30,000,000	-	30,000,000		
7,573,162	-	2,751,023	4,822,139		
<b>180,741,170</b>	<b>90,000,000</b>		<b>9,442,162</b>	<b>261,299,008</b>	
180,741,170	90,000,000		9,442,162	261,299,008	

### Annuity loans

### Total external loans

## Annuity loans

**Overstrand Municipality**  
**Appendix B**

**Analysis of property, plant and equipment as at 30 June 2011**  
**Cost/Revaluation**

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fair Value Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	386,922,177	9,173,400	(7,700,500)	(27,920,984)	-	-	360,474,093	121,324,936	(5,304,592)	113,520	(5,482,173)	-	(10,559,965)	
Buildings (Separate for AFS purposes)	121,649,425	909,571	(567,600)	(566,100)	-	-	-	-	-	-	-	-	360,474,093	
	508,571,602	10,082,971	(8,265,100)	(28,487,384)	-	-	-	481,689,069	(5,304,592)	113,520	(5,482,173)	-	(10,559,965)	
<b>Infrastructure</b>														
Roads	1,648,910,099	18,617,907	-	-	-	-	1,667,527,106	(741,739,758)	-	-	(35,215,172)	-	(776,954,930)	
Storm water drains	193,317,299	7,965,748	-	-	-	-	-	201,286,047	(132,861,606)	-	(2,088,280)	-	(134,949,886)	
Water	1,228,182,066	38,645,743	-	-	-	-	-	1,266,307,809	(866,347,898)	-	(16,931,979)	-	(883,279,877)	
Electricity	945,857,649	34,932,425	(316,423)	-	-	-	-	980,473,651	(359,601,814)	-	(18,645,386)	-	(378,246,200)	
Sewerage	634,696,617	18,607,025	-	-	-	-	-	653,303,642	(287,507,611)	-	(13,808,487)	-	(301,316,078)	
Solid waste disposal	39,931,325	-	(10,126,484)	-	-	-	-	39,931,325	(5,480,674)	-	(2,189,069)	-	(7,669,743)	
Security measures	30,731,017	295,769	-	(10,126,484)	-	-	-	20,898,302	(7,873,638)	-	(720,325)	-	(12,304,339)	
	4,721,606,072	119,066,717	(316,423)	(10,126,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	(85,598,678)	-	2,491,010,677
<b>Community Assets</b>														
Recreational facilities	94,385,164	14,989,669	-	10,126,484	-	-	119,503,317	(26,149,827)	-	-	(4,707,021)	-	(30,856,848)	
	94,385,164	14,989,669	-	10,126,484	-	-	119,503,317	(26,149,827)	-	-	(4,707,021)	-	(30,856,848)	

**Analysis of property, plant and equipment as at 30 June 2011**  
**Cost/Revaluation**

										<b>Accumulated depreciation</b>						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand		Fair Value Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand		
				Heritage assets	Other assets											
77,028,309	-	(33,000)	-	76,995,309	-	-	-	-	-	-	-	-	-	76,995,309	-	
<b>Heritage assets</b>																
Heritage assets	77,028,309	-	(33,000)	-	76,995,309	-	-	-	-	-	-	-	-	-	76,995,309	-
<b>Other assets</b>																
Vehicles	44,773,093	2,847,376	-	-	-	-	-	47,620,469	(15,768,006)	-	-	-	(18,097,960)	29,522,509	-	
Furniture & fittings	2,193,011	230,789	-	-	-	-	-	2,423,800	(854,159)	-	-	-	(1,294,310)	-	-	
Office equipment	8,446,259	2,971,004	(78,951)	-	-	-	-	11,338,312	(3,958,261)	43,097	-	-	(5,093,999)	6,244,313	-	
<b>Total</b>	<b>55,412,363</b>	<b>6,049,169</b>	<b>(78,951)</b>	-	-	-	-	<b>61,382,581</b>	<b>(20,380,426)</b>	<b>43,097</b>	-	-	<b>(24,321,449)</b>	<b>37,061,132</b>	-	
<b>Total property plant and equipment</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
<b>Total</b>	<b>5,457,003,510</b>	<b>150,198,526</b>	<b>(8,696,474)</b>	<b>(28,487,384)</b>	-	-	-	<b>5,570,008,178</b>	<b>2,453,446,841</b>	<b>156,617</b>	<b>113,280</b>	<b>(103,571,982)</b>	<b>2,556,748,939</b>	<b>3,013,259,239</b>	-	
<b>Intangible assets</b>																
Computers - software & programming	695,592	118,275	(10,867)	-	-	-	-	803,000	(191,208)	2,778	-	(136,945)	-	(325,375)	477,625	
Other	2,360,000	-	-	-	-	-	-	2,360,000	-	-	-	-	-	2,360,000	-	
<b>Total</b>	<b>3,055,592</b>	<b>118,275</b>	<b>(10,867)</b>	-	-	-	-	<b>3,163,000</b>	<b>(191,208)</b>	<b>2,778</b>	-	<b>(136,945)</b>	-	<b>(325,375)</b>	<b>477,625</b>	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>	<b>66,837,900</b>	<b>3,810,500</b>	<b>(2,009,272)</b>	<b>34,718</b>	-	-	-	<b>18,615,382</b>	<b>87,289,228</b>	-	-	-	-	-	<b>87,289,228</b>	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
Intangible assets	3,055,592	118,275	(10,867)	-	-	-	-	3,163,000	(191,208)	2,778	-	-	(325,375)	477,625	-	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
Intangible assets	3,055,592	118,275	(10,867)	-	-	-	-	3,163,000	(191,208)	2,778	-	-	(325,375)	477,625	-	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
Intangible assets	3,055,592	118,275	(10,867)	-	-	-	-	3,163,000	(191,208)	2,778	-	-	(325,375)	477,625	-	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
Intangible assets	3,055,592	118,275	(10,867)	-	-	-	-	3,163,000	(191,208)	2,778	-	-	(325,375)	477,625	-	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-	-	-	-	76,995,309	-	-	-	-	-	76,995,309	-	
Other assets	55,412,363	6,049,169	(78,951)	-	-	-	-	61,382,581	(20,380,426)	43,097	-	-	(24,321,449)	37,061,132	-	
Intangible assets	3,055,592	118,275	(10,867)	-	-	-	-	3,163,000	(191,208)	2,778	-	-	(325,375)	477,625	-	
<b>Investment properties</b>																
Investment property	66,837,900	3,810,500	(2,009,272)	34,718	-	-	-	18,615,382	87,289,228	-	-	-	-	-	87,289,228	-
<b>Total</b>																
Land and buildings	508,571,602	10,082,971	(8,268,100)	(28,487,384)	-	-	-	481,899,089	(5,304,582)	113,520	113,280	(5,482,173)	(10,559,965)	471,339,124	-	
Infrastructure	4,721,606,072	119,066,717	(316,423)	(10,128,484)	-	-	-	4,830,227,882	2,401,411,989	-	-	-	2,491,010,677	2,339,217,205	-	
Community Assets	94,385,164	14,989,669	-	10,128,484	-	-	-	119,503,317	(26,149,827)	-	-	-	(30,856,848)	88,646,469	-	
Heritage assets	77,028,309	(33,000)	-	-</td												

**Segmental analysis of property, plant and equipment as at 30 June 2011**  
**Cost/Revaluation** **Accumulated Depreciation**

Municipality	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Fair value Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Executive and Council	77,028,309	6,167,444	-	(33,000)	-	-	76,995,309	(20,771,634)	45,875	-	(3,921,065)	-	(24,646,824)	76,995,309
Corporate Services	58,467,955	-	(89,818)	-	(28,497,384)	-	64,545,581	(15,304,582)	113,520	113,250	-	(5,482,173)	(10,559,965)	39,898,757
Community and Social Services	508,571,602	10,092,971	(8,268,100)	(10,128,484)	-	(481,899,089)	-	-	-	-	(4,707,021)	(8,558,949)	(8,558,949)	471,339,124
Sport and Recreation	94,385,164	14,989,669	-	(10,128,484)	-	(119,503,317)	(26,149,827)	-	-	-	(720,325)	-	(8,559,963)	12,304,339
Public Safety	30,731,017	295,769	-	(10,128,484)	-	20,898,302	(7,873,638)	-	-	-	-	-	-	89,646,169
Planning and Development	66,837,900	3,810,500	(2,009,272)	34,718	-	18,615,382	87,289,228	-	-	-	(35,215,172)	-	(776,954,930)	87,289,228
Road Transport	1,648,910,099	18,617,007	-	(31,6423)	-	-	1,667,327,106	(741,739,758)	-	-	-	(18,645,386)	(378,246,200)	890,572,176
Electricity	945,857,649	34,932,425	-	(38,645,743)	-	-	980,473,651	(359,800,814)	-	-	-	(16,931,979)	(833,279,877)	602,227,451
Water	1,228,162,066	26,515,773	-	-	-	-	1,266,807,809	(866,347,888)	-	-	-	(18,086,816)	(433,935,707)	383,527,932
Waste Management	867,945,241	-	-	-	-	-	894,521,014	(425,849,891)	-	-	-	-	-	450,585,307
<b>Total</b>	<b>5,526,897,002</b>	<b>154,117,301</b>	<b>(10,716,613)</b>	<b>(28,452,666)</b>	-	<b>18,615,382</b>	<b>5,680,460,406</b>	<b>2,453,638,052)</b>	<b>159,395</b>	<b>113,280</b>	<b>(103,708,937)</b>	-	<b>2,557,074,314)</b>	<b>3,103,386,092</b>
<b>Municipality</b>	<b>5,526,897,002</b>	<b>154,117,301</b>	<b>(10,716,613)</b>	<b>(28,452,666)</b>	-	<b>18,615,382</b>	<b>5,680,460,406</b>	<b>2,453,638,052)</b>	<b>159,395</b>	<b>113,280</b>	<b>(103,708,937)</b>	-	<b>2,557,074,314)</b>	<b>3,103,386,092</b>

**Segmental Statement of Financial Performance for the year ended 30 June 2011**

Actual Income Rand	Actual Expenditure Rand	Surplus /Deficit Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /Deficit Rand
24,290,293	44,632,174	(20,341,881) Executive and Council	28,661,439	58,103,628	(29,442,189)
128,743,121	65,716,354	63,026,767 Budget and Treasury Office	143,931,027	75,907,709	68,023,318
26,976,782	43,860,743	(16,883,961) Corporate Services	44,881,634	57,391,070	(12,509,436)
13,222,418	27,497,513	(14,275,095) Planning and Development	11,733,315	26,621,798	(14,888,483)
1,418,425	25,406,697	(23,988,272) Community and Social Services	1,748,076	27,999,989	(26,251,913)
18,702,681	14,594,723	4,107,958 Housing	48,847,603	47,837,750	1,009,853
6,424,919	29,406,347	(22,981,428) Public Safety	9,336,845	32,869,214	(23,532,369)
6,865,139	16,118,713	(9,253,574) Sport and Recreation	6,031,953	18,884,969	(12,853,016)
132,744	7,721,823	(7,589,079) Environmental Protection	328,885	18,190,184	(17,861,299)
41,754,905	38,034,504	3,720,401 Waste Water Management	53,683,819	45,326,507	8,357,312
36,293,109	31,914,750	4,378,359 Waste Management	37,350,805	51,522,110	(14,171,305)
1,274,464	61,810,006	(60,535,542) Road Transport/Roads	2,691,382	85,166,767	(82,475,385)
76,779,461	86,094,491	(9,315,030) Water	79,426,741	72,811,988	6,614,753
154,535,051	143,024,776	11,510,275 Electricity	194,951,185	171,467,722	23,483,463
<b>537,413,512</b>	<b>635,833,614</b>	<b>(98,420,102)</b>	<b>663,604,709</b>	<b>790,101,405</b>	<b>(126,496,696)</b>
<b>Municipality</b>					
<b>Municipal Owned Entities</b>					
<b>Other charges</b>					
-	(80,501,800)	80,501,800	-	(86,942,540)	86,942,540
-	<b>(80,501,800)</b>	<b>80,501,800</b>	-	<b>(86,942,540)</b>	<b>86,942,540</b>
537,413,512	635,833,614	(98,420,102) Municipality	663,604,709	790,101,405	(126,496,696)
-	(80,501,800)	80,501,800	-	(86,942,540)	86,942,540
<b>537,413,512</b>	<b>555,331,814</b>	<b>(17,918,302) Total</b>	<b>663,604,709</b>	<b>703,153,865</b>	<b>(39,554,156)</b>

**Overstrand Municipality**  
**Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June**  
**2011**

	Current year		Current year		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	2011	Adjusted budget	Variance	
		Rand	Rand	Var	
<b>Revenue</b>					
Property rates	129,025,049	125,505,020	3,520,029	2.8	
Service charges	354,358,469	348,760,120	5,598,349	1.6	
Property rates - penalties imposed and collection charges	889,114	890,000	(886)	(0.1)	
Rental of facilities and equipment	6,445,458	6,398,470	46,988	0.7	
Public contributions and donations	21,371,318	18,938,206	2,433,112	12.8	
Fines	5,468,996	4,280,270	1,188,726	27.8	
Licences and permits	1,710,778	1,487,160	223,618	15.0	
Government grants & subsidies	83,616,436	90,898,812	(7,282,376)	(8.0)	
Municipal Revenue UD1	-	-	-	-	
Other income	21,338,469	20,473,880	864,589	4.2	
Interest received - investment	3,705,015	2,660,890	1,044,125	39.2	
Interest received - other	-	-	-	-	
	<b>627,929,102</b>	<b>620,292,828</b>	<b>7,636,274</b>	<b>1.2</b>	
<b>Expenses</b>					
Personnel	(185,865,875)	(180,000,630)	(5,865,245)	3.3	
Remuneration of councillors	(4,839,707)	(4,831,070)	(8,637)	0.2	
Transfer payments	(103,696,769)	(102,550,750)	(1,146,019)	1.1	
Depreciation	(3,430,555)	-	(3,430,555)	-	
Impairments	-	-	-	-	

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June  
2011**

	Act. Bal.	Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Finance costs	(19,372,685)	(22,645,440)	3,272,755	(14.5)
Debt impairment	(4,805,545)	(1,000,000)	(3,805,545)	380.6
Repairs and maintenance	(58,547,519)	(62,600,195)	4,052,676	(6.5)
- General				
Bulk purchases	(101,683,452)	(103,276,380)	1,592,928	(1.5)
Contracted Services	(20,411,582)	(21,975,350)	1,563,768	(7.1)
Grants and subsidies paid	(23,619,539)	(23,350,000)	(269,539)	1.2
General Expenses	(176,806,565)	(165,525,885)	(11,280,680)	6.8
	(703,079,793)	(687,755,700)	(15,324,093)	2.2
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	13,170,653	-	13,170,653	-
Fair value adjustments	22,425,882	-	22,425,882	-
	35,596,535	-	35,596,535	-
Net surplus/ (deficit) for the year	(39,554,156)	(67,462,872)	27,908,716	(41.4)

**Budget Analysis of Capital Expenditure as at 30 June  
2011**

Municipality	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
					(122) Public and non-cash contributions (1)
Community Buildings	18,889,851	8,512,748	(10,377,103)		
Roads	20,922,956	20,787,759	(135,197)		
Sewerage	15,142,305	15,214,806	72,501		
Electricity	32,411,053	35,681,980	3,270,927		9 Roll over project to 2011/2012
Water	34,052,767	34,218,873	166,106		
Storm water drains	5,162,386	6,306,777	1,144,391		18 roll over project to 2011/2012
Solid Waste Disposal	1,859,455	2,039,986	180,531		9 roll over project to 2011/2012
Security measures	18,979	18,978	(1)		
Recreational facilities	1,743,208	1,743,000	(208)		
Low cost housing	7,118,057	7,198,400	80,343	1	
Local Economic Development	6,973,164	9,475,160	2,501,996		26 Earlier project delays
Inventory	2,036,335	3,695,170	1,658,835		45 Purchases are required
Vehicles	2,228,717	2,539,828	311,111		12 Budget request included VAT
ICT	1,747,569	1,864,238	116,669		6 Purchases are required
	<b>150,306,802</b>	<b>149,297,703</b>	<b>(1,009,099)</b>	<b>(1)</b>	

Overstrand Municipality  
 Appendix F  
 Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts			Quarterly Expenditure			Grants and Subsidies delayed / withheld			Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun			
FMG	Nat Treasury	750	-	-	-	1,000	750	-	-	-	-	-	Yes
MSIG	Nat Treasury	400	-	-	-	750	400	-	-	-	-	-	Yes
WIG	Nat Treasury	15,894	-	-	-	9,209	11,931	-	-	-	-	-	Yes
NDPG - LED	Nat Treasury	2,264	-	-	-	10,936	2,264	-	-	-	-	-	Yes
INEG - Electricity	DME	1,921	-	-	-	3,639	1,921	-	-	-	-	-	Yes
Library	PAWC	556	-	-	-	608	556	-	-	-	-	-	Yes
Community	PAWC	96	-	-	-	100	96	-	-	-	-	-	Yes
Dev. workers	PAWC	-	-	-	-	40	-	-	-	-	-	-	Yes
Prov. Road	PAWC	-	-	-	-	-	-	-	-	-	-	-	Yes
Subsidy	PAWC	150	-	-	-	-	131	-	-	-	-	-	Yes
Housing	PAWC	12,392	-	-	-	32,836	17,723	-	-	-	-	-	Yes
Consumer	PAWC	-	-	-	-	-	32	-	-	-	-	-	Yes
Education	PAWC	-	-	-	-	-	-	-	-	-	-	-	Yes
Social Housing	PAWC	-	-	-	-	-	-	-	-	-	-	-	Yes
Fire Victims (Social Relief)	PAWC	-	-	-	-	-	1,000	-	-	-	-	-	Yes
Mobility Strategy	PAWC	-	-	-	-	-	-	-	-	-	-	-	Yes
		34,423	-	-	-	60,150	35,772	-	-	-	56,549	-	-

Note: Above figures are denoted in R'000. This appendix excludes allocations from the Equitable Share.